



**.Assessing the Impact of  
Microenterprise Services (AIMS)**

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**AN ASSESSMENT  
OF THE IMPACT OF  
ZAMBUKO'S MICROENTERPRISE PROGRAM  
IN ZIMBABWE: BASELINE FINDINGS**

**Working Paper**

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# TABLE OF CONTENTS

ACKNOWLEDGMENTS .....	vii
EXECUTIVE SUMMARY .....	viii
I. INTRODUCTION .....	1
A. Significance of Microenterprises and Zambuko Trust in Zimbabwe .....	1
B. Objective and Scope of the Assessment .....	1
C. Assessment Framework .....	2
D. Hypotheses .....	3
E. Organization of the Report .....	4
II. ASSESSMENT CONTEXT .....	5
A. Zimbabwe .....	5
1. Pre-1990s .....	5
2. Economic situation since 1990 .....	8
3. Microenterprise sector .....	11
4. Study sites .....	14
B. Zambuko Trust .....	15
1. Goals and objectives .....	15
2. Organization and geographic coverage .....	15
3. Lending products, methods and terms .....	17
4. Financial data and growth of the program .....	19
5. Basic profile of loans and clients .....	21
III. METHODOLOGY AND CHARACTERISTICS OF FINAL SAMPLE .....	23
A. Sampling Framework .....	23
1. Sample design .....	23
2. Client sample selection procedure .....	24
3. Non-client selection procedures .....	26
4. Characteristics of final sample .....	27
B. Data Collection and Analysis Stages .....	27
1. Questionnaire design .....	27
2. Preparations for field work .....	28
3. Data collection .....	29
4. Data entry, cleaning and analysis .....	29
IV. FINDINGS AND ANALYSIS .....	31
A. Introduction .....	31
B. Household Resources .....	31
1. Human resources .....	32
2. Physical resources .....	33
3. Discussion .....	36
C. Household Income-Generating Activities and Level of Income .....	37

1.	Income generating activities	37
2.	Income levels	38
3.	Discussion	38
D.	Uses of Loan Funds and Income	39
1.	Use of loan funds	39
2.	Main uses of enterprise revenue	40
3.	Food consumption	40
4.	Household investments and assistance to others	41
5.	Coping with financial shocks	42
6.	Savings	43
7.	Discussion	43
E.	Respondents' Microenterprise Activities	44
1.	Basic characteristics	44
2.	Transactional relationships	46
3.	Business training and management	47
4.	Employment, fixed assets and sales	48
5.	Discussion	50
F.	Empowerment of Women	50
1.	Pattern of savings	51
2.	Control over decision-making	51
3.	Self-esteem and self-confidence	52
4.	Discussion	52
V.	SUMMARY AND CONCLUSIONS	54
A.	Summary of Findings	54
1.	Household resources	54
2.	Household income-generating activities and level of income	55
3.	Uses of loan funds and income	55
4.	Respondents' microenterprise activities	56
5.	Empowerment of women	58
B.	Conclusions and Implications	59
C.	Emerging Issues	60
	BIBLIOGRAPHY OF KEY SOURCES	62

MAP 1.	Zimbabwe and Study Sites . . . . .	5
BOX 1:	Zambuko Products and Methods . . . . .	17

## FIGURES:

Figure 1.	Average Estimated Value of Select Household Assets . . . . .	35
Figure 2.	Distribution of Estimated Monthly Household Income . . . . .	38
Figure 3.	Estimated Current Value of Enterprise Fixed Assets . . . . .	49

## TABLES:

Table 1.	Employment in Key Industrial Sectors, 1990-1997 . . . . .	9
Table 2.	Employment in Harare, Bulawayo and Mutare, 1990-1997 . . . . .	9
Table 3.	Macroeconomic Statistics, 1994 - 1997 . . . . .	10
Table 4.	Growth of Zambuko Trust Branches and Offices (1992-96) . . . . .	16
Table 5.	Zambuko Trust Regional Offices and Branches, August 1997 . . . . .	16
Table 6.	Financial Record of Zambuko Trust, January 1994 - August 1997 . . . . .	20
Table 7.	Distribution of Zambuko Loans by Geographic Location and Gender, Fiscal Years 1995/96 and 1996/97 . . . . .	21
Table 8.	Sector Distribution of Zambuko Loans by Geographic Location for Fiscal Years 1995/96 and 1996/97 . . . . .	22
Table 9.	Sample Format . . . . .	23
Table 10.	Sample Framework . . . . .	25
Table 11.	Distribution of Sample of Completed Baseline Interviews . . . . .	27
Table 12.	Average Value of Recent Loan By Client Loan Status . . . . .	27
Table 13.	Key Characteristics of Respondents and Their Households . . . . .	32
Table 14.	Children Attending School . . . . .	33
Table 15.	Housing Tenure . . . . .	34
Table 16.	Comparison of Trust Bank Clients and Other Respondents: Average Value of Assets . . . . .	36
Table 17.	Sources of Household Income . . . . .	37
Table 18.	Number of Rooms Household Rents Out . . . . .	37
Table 19.	Respondent Households Providing Cash and In-Kind Assistance to Others Last Month . . . . .	41
Table 20.	Sector Distribution of Respondents' Main Enterprises . . . . .	44
Table 21.	Employment Last Month in Respondents' Enterprises . . . . .	48
Table 22.	Percentage of Female Respondents with Specific Types of Savings Accounts . .	51

## ANNEX: TABLE OF CONTENTS

I.	RESPONDENTS AND THEIR HOUSEHOLDS .....	1
Table 1:	Locational Distribution of Respondents .....	1
Table 2:	Distribution of Interviews by Gender of Respondent .....	1
Table 3:	Marital Status of Respondents .....	2
Table 4:	Marital Status and Household Economic Dependency Rate .....	2
Table 5:	Trust Bank and Other Clients: Key Client and Household Characteristics .....	3
Table 6:	Housing Tenure By Comparison Group .....	3
Table 7:	Housing Tenure by Geographic Area (percentage) .....	4
Table 8:	Have Lived at Current Residence for More Than Two Years .....	4
Table 9:	Households Owning Select Consumer Durables .....	5
Table 10:	Household Ownership of Select Consumer Durables Trust Bank Households Compared with Other Clients .....	5
Table 11:	Estimated Value of Assets .....	5
Table 12:	Ownership of Household Enterprises .....	6
Table 13:	Geographic Distribution of Households Owning or Buying Their Residence That Have One or More Renters .....	6
Table 14:	Distribution of Number of Rooms Rented Out by Households Owning or Buying Their Residence .....	7
Table 15:	Per Capita Household Total Monthly Income Last Month .....	7
Table 16:	Trust Bank and Other Clients: Average Per Capita Income Last Month ..	7
Table 17:	Use of Recent Loan Funds .....	8
Table 18:	What Would Have Done if Has Not Received Loan from Zambuko ....	8
Table 19:	Respondents Buying Consumer Durables on Hire-Purchase Basis .....	8
Table 20:	Whether or Not Enterprise Revenue Essential for Household Expenditures Last Month .....	9
Table 21:	Largest Dollar Use of Enterprise Sales Revenue Last Month .....	9
Table 22:	Second Largest Dollar Use of Enterprise Sales Revenue Last Month ...	10
Table 23:	Vegetable Consumption in Household During the Past Seven Days ....	10
Table 24:	Meat, Chicken Consumption in Household During the Past Seven Days .....	11
Table 25:	Dried Fish Consumption in Household During the Past Seven Days ...	11
Table 26:	Egg Consumption in Household During the Past Seven Days .....	11
Table 27:	Milk Consumption in Household During the Past Seven Days .....	12
Table 28:	Trust Bank and Other Clients: Frequency of Food Consumption During the Past Seven Days .....	12
Table 29:	Whether or Not Those Owning or Purchasing Residence Made Housing Improvements the Last 12 Months .....	12
Table 30:	Households Having Purchased Building Materials for Future Use ....	13
Table 31:	Whether or Not Households Provided Cash and/or In-Kind Assistance to Others Last Month .....	13

Table 32:	Whether Trust Bank and Other Client Households Provided Cash and/or In-kind Assistance to Others Last Month . . . . .	13
Table 33:	Distribution of Assistance by Households That Provided Assistance Cash or In-Kind to Others Last Month . . . . .	14
Table 34:	Type of Major Financial Crisis the 24 Months Prior to the Survey . . . . .	14
Table 35:	Additional Responses on Major Financial Crisis . . . . .	15
Table 36:	How Met Financial Crisis . . . . .	15
Table 37:	Most Often Mentioned Two Main Intended Uses of Savings Accounts . .	16
Table 38:	Trust Bank and Other Clients: Savings . . . . .	16
Table 39:	Informal Modes of Saving . . . . .	16
Table 40:	Pattern of Informal Savings . . . . .	17
II.	MATCHED ENTERPRISE . . . . .	18
Table 1:	Sector Distribution of Respondents' Enterprise . . . . .	18
Table 2:	Trust Bank and Other Clients: Sector Distribution . . . . .	18
Table 3 :	Location of Enterprises . . . . .	19
Table 4:	Main Supplier of Main Inputs . . . . .	19
Table 5:	Main Source of Inputs By Sector . . . . .	20
Table 6:	Whether or Not Buys Main Inputs in Bulk . . . . .	20
Table 7:	Whether Those Buying in Bulk Receive Lower Per Unit Prices . . . . .	20
Table 8:	Whether Can Obtain Main Inputs on Credit . . . . .	21
Table 9:	Whether or Not Respondent Bought Inputs Outside City of Residence in Past 6 Months . . . . .	21
Table 10:	Location of Purchases By Those Buying Outside City of Residence in Past 6 Months . . . . .	21
Table 11:	Respondents Selling Outside City of Residence by Sector (percentage) .	22
Table 12:	Where Sales Made by Those Traveling Outside City of Residence to Sell in Past 6 Months . . . . .	22
Table 13:	Frequency of Travel By Those Traveling Outside City of Residence in Past 6 Months to Sell . . . . .	22
Table 14:	Whether or Not Those Who Sold Outside City of Residence in the Past 6 Months Engage in Barter Trade . . . . .	23
Table 15:	Main Customers . . . . .	23
Table 16:	Whether or Not Extended Credit to Customers in the Last 6 Months . .	23
Table 17:	Respondents Extending Credit in the Last 6 Months by Sector . . . . .	24
Table 18:	Pattern of Credit Extension Among Those Who Gave Credit . . . . .	24
Table 19:	Changes in Extension of Credit Among Those Whose Pattern Changed the Past 3 Months . . . . .	24
Table 20:	Trust Bank and Other Clients: Made Changes as a Result of the Business Training . . . . .	25
Table 21:	Whether or Not Keeps Business Records . . . . .	25
Table 22:	Keeping of Business Records by Sector . . . . .	25
Table 23:	Among Those Keeping Records, Type of Sales Records Kept . . . . .	26
Table 24:	Among Those Keeping Records, Type of Expenditure Records Kept . .	26
Table 25:	Among Those Keeping Records, Whether Produces a Balance Sheet . .	26

Table 26:	Whether or Not Respondent Had One or More Individuals Assisting With the Enterprise Last Calendar Month . . . . .	27
Table 27:	Whether or Not Has Paid Employees . . . . .	27
Table 28:	Number of Assistants(Employees) in Enterprise Last Month . . . . .	27
Table 29:	Among Those With Assistants (Employees), If Had Paid Employees . . .	28
Table 30:	Estimated Average Net Enterprise Revenue Last Month (\$Z) . . . . .	28
Table 31:	Distribution of Estimated Enterprises Net Revenue Last Month Among Manufacturers and Traders by Comparison Group . . . . .	29
Table 32:	Decision-making about Use of Enterprise Revenue Last Month . . . . .	30
Table 33:	Whether or Not Respondent has a Sales Strategy . . . . .	30
III.	EMPOWERMENT OF WOMEN . . . . .	31
Table 1:	Whether or Not Female Respondent Has at Least One Savings Account . . . . .	31
Table 2:	Types of Savings Accounts of Female Respondents . . . . .	31
Table 3:	Decision-Making About Taking Loan Funds: Women Clients by Marital Status . . . . .	32
Table 4:	Decision-Making About Use of Loan Funds: Women Clients by Marital Status . . . . .	32
Table 5:	Who Normally Provides Funds for Loan Repayments: Women Clients by Marital Status . . . . .	33

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## **EXECUTIVE SUMMARY**

### **A. Overview of the Assessment**

Zambuko Trust, established in 1992 and a partner in the Opportunity International Network, has the largest clientele of any microenterprise program in Zimbabwe. Zambuko's goal centers on creation of employment and generation of income for the under privileged through microenterprise business activities. It also seeks to become a self-sustaining organization. Zambuko has three lending products: individual loans, solidarity group loans, and Trust Bank loans. The latter offers more intensive services targeted at poorer women.

In cooperation with Zambuko Trust, Opportunity International and USAID/Zimbabwe, the AIMS Project has undertaken a two-stage assessment of the impact of Zambuko upon clients, their households and enterprises. The study will determine if participation in a microenterprise program leads to improvements in the economic welfare of households, enterprise growth or stability, increases in empowerment of women, and strengthened social networks. Utilization of survey research methods will result in identification of the nature, extent and distribution of impacts. This survey research will be complemented by case studies of clients and focus group interviews.

This report describes the conduct and findings of the baseline survey carried out in September through early December, 1997. The follow-on survey will be carried out the same months in 1999. The first round of case study interviews with select clients was conducted in August 1998 and the second round plus focus group interviews are scheduled to follow the 1999 survey.

The baseline survey was conducted with a sample of new and repeat clients from three geographic areas: Greater Harare (that is Harare and Chitungwiza), Bulawayo and Mutare, and a sample of non-client microentrepreneurs from the same areas. Non-client microentrepreneurs were selected to participate in the study if they had not received a business loan from a formal organization, were the owner of an enterprise at least six months old and were not employed elsewhere on a full-time basis. These criteria mirror the loan eligibility criteria of Zambuko. In addition, non-clients were matched with clients on the basis of gender and enterprise sector. A total of 691 microentrepreneurs were interviewed: 244 new clients, 149 repeat clients, and 298 non-clients.

The findings provide data on the similarities and differences between the three comparative groups: new clients, repeat clients and non-clients. "New" clients are those who had recently received their first Zambuko loan, whereas "repeat" clients are those who had two or more loans from Zambuko. Differences that are found between the repeat and new clients suggest areas of impact, but it is not valid to conclude that these are entirely the result of participation in Zambuko's program since no data exist to determine if the repeat clients were similar to the new client respondents when they first joined the program. The case studies of repeat clients will provide information, including clients' views, on changes between the period prior to their first loan and the baseline survey to identify impacts. Information from the follow-on survey in 1999 will permit a comparison of changes between the two survey periods and identification of impacts. It is anticipated that the nature and degree of impact will vary by length of participation in the program.

## B. Summary And Conclusions

### 1. Profile of clients

The profile below provides select information on the new and repeat client respondents. Additional information is given in the section that follows.

	New Clients	Repeat Clients
<i><b>Human Resource Base of Households</b></i>		
Percentage of Female Respondents	87	75
Respondents' Age	37	41
Respondents' Education (years)	7.8	8.3
Respondents' Married (percentage)	75	72
Number of Household Members	5.6	6.0
Number of Household Members Economically Active	1.9	2.3
<i><b>Physical Resource Base of Households</b></i>		
Owning or Purchasing Residence (percentage)	53	64
Estimated Value of Select Household Assets (Z\$) <sup>1</sup>	14,052	20,821
<i><b>Income Sources, Level and Use</b></i>		
Households with Salaried or Wage Income (percentage)	33	28
Households with Rental Income (percentage)	44	44
Per Capita Monthly Income (Z\$)	1,261	798
<i><b>Main Enterprise</b></i>		
Paid or Unpaid Employees (percentage)	32	52
Estimated Current Value of Enterprise Fixed Assets (Z\$)	3,761	7,742
Estimated Net Sales Revenue the Previous Month (Z\$)	2,165	6,068

<sup>1</sup> As of September 1997, approximately Z\$11.9 was equal to one U.S. dollar

### 2. Summary of findings

#### Household Resources

- # Respondents' *average age* and *average number of years of education* differ significantly between the comparison groups. In general, new clients are 37 years old with nearly 8 years of schooling, repeat clients are 41 with slightly over 8 years of education, and non-clients are 37 with approximately 7 years of education.

- # The *marital status* of respondents is similar. Most are married, but approximately one quarter of the respondents are unmarried, that is divorced, separated, widowed, or never married.
  
- # The households of repeat clients differ significantly from households in the other comparative groups in terms of size and number of economically active members. The *average household size* is 6.0 for repeat clients compared with 5.6 for new clients and 5.1 for non-clients. The *average number of household members who are economically active* is larger for repeat clients (2.3) than non-clients (2.0) and new clients (1.9), reflecting the larger number of household members in repeat client households. However, the *economic dependency ratio* does not differ significantly between the comparison groups.
  
- # The proportion of *school-age boys and girls attending school* varies little between the comparison groups: 90% or more of the households had boys aged 6-16 enrolled in school, compared with 89% or more of the households with girls in this age category. However, a lower proportion of respondent households, especially the repeat client households, have all girls and boys aged 6-21 attending school.
  
- # Over half of the respondents' households either own or are purchasing their residence. This form of *housing tenure* is most commonly found among households of repeat clients (64%) than those of new-clients (53%) and non-clients (53%). Renting a room in a house or separate rental unit is the next most common form of housing tenure, and approximately one-third of the new client and non-client households reside under this form of tenure. Among Trust Bank respondents, the new clients were more likely than the repeat clients to live in rented rooms or rental units. Nevertheless, 60% of the Trust Bank households either own or are purchasing their residence.
  
- # *Ownership of consumer durables* indicates the living standard of households. Less than 50% of the households in each respondent group owned refrigerators, television sets, electric fans, bicycles or vehicles that were purchased in the 24 months before the survey. However, these consumer durables were significantly more likely to be found in the households of repeat clients.
  
- # In general repeat client households have a significantly higher *valued asset base of consumer durables and enterprise fixed assets* than do those in the other comparison groups. Approximately half of new client and non-client households have assets valued at less than Z\$5,000. The asset base among the new Trust Bank clients was lower than among the non-client and other new client respondents.

## **Household Income-Generating Activities and Level of Income**

Households have a variety of ways to earn an income. The comparative groups tend to vary in the number of income sources and estimated average per capita monthly income.

- # The income sources are more diversified in the households of repeat clients than the other comparison groups: the *average number of income sources* is 2.5 for repeat clients compared with 2.2 for new clients and 2.1 for non-clients.
- # For most respondents' households, microenterprises tend to be the most important source of income. Approximately two-thirds or more of the reported *estimated total monthly income* of respondents' households is *generated by* its enterprises.
- # Nearly one-third of the new client households obtain money from *salaried or wage employment*, compared with 28% of the repeat client and 23% of the non-client households. Approximately 53% of the non-client households and a similar proportion (44%) of the repeat client and non-clients households receive *income from rental of rooms or houses*.
- # The *average per capital estimated monthly income* is highest among repeat client households (Z\$1,261) and lowest among new client households (Z\$798), with the average for non-client households (Z\$867) being similar to the latter.
- # An analysis of the *distribution of respondents by estimated monthly household income* reveals nearly half of the households of the new clients and non-clients compared with about one-fifth of the repeat client households, had a monthly income of less than Z\$2,000. In contrast, half of the repeat clients had an estimated monthly household income of Z\$4,000 or more.

## Uses of Loan Funds and Income

Loan funds and income are expended to maintain and enhance the households' income generating activities and resource base, to acquire items for domestic consumption, assist non-household members, and cope with unforeseen financial crises.

- # Clients overwhelming reported that they *used the Zambuko loan funds* on their enterprise. The most commonly reported expenditures were on stock, materials, supplies and, to a lesser extent, fixed assets for their enterprise. Most of the clients reported that they would not have made these additional expenditures without access to Zambuko loans.
- # The *household food consumption patterns* were similar among the comparison groups. Households tend to eat vegetables daily and meat/poultry/fish at least four times a week, but consume milk, eggs and dried fish less frequently. The households of Trust Bank respondents, however, tended to consume eggs, milk and meat/poultry/fish less frequently than the other client households.
- # *Acquisition of consumer durables* by the household in the 24 months prior to the survey was reported by 59% of the repeat clients, 56% of the new clients and 48% of the non-clients. Appliances (e.g. televisions and radios) and furniture (e.g. chairs and wardrobes) were the most commonly cited types of purchases. Among those acquiring items, the *average estimated value of the consumer durables purchased* was highest for repeat client households (Z\$6,513), and there was little difference between the averages for the new client and non-client respondents.

- # Approximately one-third of the households that either own or are purchasing their residence *invested in housing improvements* in the 12 months prior to the survey. A slightly higher proportion of the households of repeat clients compared with those of the other respondent groups reported such investments. However, the *average amount spent* was highest for new client households (Z\$11,138) and lowest for repeat client households (Z\$4,912).
- # The repeat client households were significantly more likely than other respondent households to *provide cash and in-kind assistance to others* in the month prior to the survey. This assistance was usually provided to family or extended family members living outside the household for purposes other than funerals. However, approximately one-third of those providing assistance in the previous month spent money on funeral related expenses and the average value of the amount spent was higher than that given to family/extended family or to friends/others for other reasons.
- # Financial crises were common among respondent households in the 24 months prior to the survey. Almost all households coped by using savings and current earnings. Illness and death of household or extended family members were most often cited as the main crisis.
- # Respondents normally have an individual savings account with a formal institution. The most common type of informal savings mechanism is membership in a rotating savings and credit group.

### **Respondents' Microenterprise Activities**

A microenterprise was classified as all income-generating activities operating in the same space and time. Approximately 80% of the respondents had only one enterprise. The data below, referring to the enterprise used for matching non-clients with clients, reveal that the asset base and revenue generated tend to be higher among the repeat clients than the other comparison groups.

- # Over 90% of the respondents in each comparison group are engaged in *manufacturing or trade* and most have *home-based enterprises*. The average age of the enterprise differs significantly between the comparison groups: 6 years for new clients, 7 years for non-clients and almost 8 years for repeat clients.
- # Less than one-third of the respondents *purchase* their main *supplies in bulk*, but bulk purchases do not necessarily result in lower per unit prices.
- # Approximately 55% of the new and repeat clients *sell items outside* the city where they reside. Approximately half of the clients and non-clients who sell outside the city where they reside engage in barter trade, especially for maize.
- # The customer base is almost exclusively individuals, and respondents normally extend credit.

- # Nearly all of the clients reported having received *business training* from Zambuko and most of them reported that they did something differently as a result of the training. In comparison, less than 5% of the non-clients had received business training in the past 5 years.
- # *Employees* were more often found among repeat clients' enterprises (52%) than enterprises of new clients (32%) and non-clients (35%). Most of the microentrepreneurs with employees had one or two people assisting them. *Paid employees* were found more often in client rather than non-client enterprises.
- # The *value of enterprise fixed assets* differed significantly between the comparison groups, with the average value for repeat clients (Z\$7,742) being more than three times that for non-clients. Approximately 60% of the respondents in each group reported *buying a fixed asset for their enterprise* in the 24 months prior to the survey. Among those acquiring an asset, 20% of the repeat clients and 10% of the new clients reported having made their *purchase with Zambuko loan funds*.
- # The gross revenue earned on the top three items the month prior to the survey was highest for repeat clients (Z\$6,068) and lowest for the non-clients (Z\$3,416), with the new client average (Z\$4,471) being closer to that of the non-clients.
- # *Estimates of the average net enterprise revenue* the month prior to the survey differed significantly, with repeat clients having the highest average (Z\$3,698) and non-clients the lowest (Z\$2,054), with average for the new clients (Z\$2,165) being closer to that of the non-clients. Forty-two percent of the new clients, 46% of the non-clients and 28% of the repeat clients estimated their net revenue to be under Z\$1,000 the previous month. At the other extreme, 25% of the new clients, 19% of the non-clients and 36% of the repeat clients estimated their net revenue to be Z\$3,000 or more.

## **Empowerment of Women**

Participation in Zambuko's programs involves decisions about borrowing funds and using them. Decisions are also made about use of enterprise revenues. Involvement in a Zambuko program may contribute to increased self-esteem and self-confidence.

- # *Decision-making about applying for the most recent Zambuko loan* varied among clients. About half of the married female clients made the decision themselves, one third consulted with their spouse or another household member, and the remainder decided jointly with their spouse or were influenced by individuals outside of their household. In contrast, nearly all of the unmarried clients decided for themselves.
- # In comparison to above, a higher proportion of the clients were the sole *decision-makers regarding use of the recent Zambuko loan*. Almost all unmarried clients and approximately two-thirds of the married clients made the decision and did not consult others about it.
- # *Decision-making regarding use of enterprise revenue* tends to rest with the female microentrepreneur. Among the married respondents, between 54 - 61% in each comparative

group decided for themselves, and almost all of the others consulted with their spouse about use of the revenue. Nearly all of the unmarried respondents were the sole decision-maker.

- # Almost all of the women have at least one savings account with formal institutions and 70% or more in each respondent group have at least one individual account. A significantly higher proportion of clients than non-clients had an individual savings account, a building society account and a savings account with a bank. Nevertheless, less than one-quarter of each respondent group reported saving on a weekly or monthly basis.
- # Almost all of the female respondents reported that they feel that *people in their household respect them* for the contribution they make and approximately three-fourths feel *well-positioned to face the future*. Approximately half of both the married and unmarried reported having *plans for preparing for the future*. These plans ranged from vague ideas to specific items and centered on three themes: buying a house or land on which to build a house, children's financial security and education, and business growth and diversification.

### **3. Conclusions and Implications**

#### **Microentrepreneurs from low-resource, low-income households are Zambuko clients.**

The data show that a significant proportion of clients, especially new clients, are from low-resource, low-income households. One-third of the new clients are lodgers, and most client households do not own a refrigerator, colored television, electric fan or a means of transport. Forty-two percent of the new clients had an estimated monthly household income under Z\$2,000 and their per capita monthly income averaged Z\$789.

#### **The Trust Bank reaches women who are poorer than the microentrepreneurs acquiring Zambuko's other loan products.**

Although the basic demographic characteristics of Trust Bank respondents and their households are similar to other clients, the households of Trust Bank respondents have a lower resource base. Hence, the data confirm that the Trust Bank does reach its target population.

#### **Loan funds permit the majority of clients to make purchases which they otherwise would not have made.**

The loan funds permit most clients to make purchases in addition to those they normally make. Approximately 60% of the client respondents reported that without the loan funds they would have continued replenishing and adding stock and materials at their normal levels, compared with 17% who said they would have used their savings and 14% who reported that they would have borrowed funds from another source. Access to loans from Zambuko permit many to diversify their products or enlarge their normal stock of supplies. This implies that the impacts identified in the follow-up survey would not have occurred or would not have been realized so quickly without access to credit from Zambuko. **Provision of business training by Zambuko results in changes by clients.**

Nearly all client respondents reported having received business training from Zambuko and approximately two-thirds of the respondents could cite specific things learned. These tended to be very basic, regarding credit, how to calculate profits, and business management. Moreover, most of the clients reported a change in behavior as a result of the training received, and hence an impact of Zambuko's program. The findings suggest that most microentrepreneurs have a low level of knowledge about basic business principles and management, and are receptive to learning more. There may be scope for greater provision of training to Zambuko clients and other microentrepreneurs. Zambuko may want to investigate instituting a training program on a cost-recovery basis or linking clients with organizations which provide more training in business management.

**Microentrepreneurs in the study sites did not lack access to saving facilities.**

Almost all respondents have a savings account with a formal institution. Therefore, in its deliberations about becoming a bank, Zambuko will need to take into account that microentrepreneurs already have savings accounts and hence it would need to compete with other institutions for savings deposits.

**Repeat clients tend to be significantly different from new clients and non-clients in a number of ways.**

This finding suggests that microentrepreneurs who continue to apply for loans from Zambuko are better off economically than the new clients and non-clients. Most likely, the initial loans proved useful in stimulating a net increase in enterprise income and hence these individuals have remained with the program to expand further and enhance their income-earning potential.

**Zambuko may wish to investigate the feasibility of providing loan products for housing improvements or purchase of low-cost housing.**

Over half of the households in each respondent group own or are purchasing their residence. This suggests that there may be scope for Zambuko to offer loans for housing improvements, especially those related to rental property. Also, there may be scope for Zambuko to provide loan products related to purchase of low-income housing since approximately one-third of the respondent microentrepreneurs are renters.



## **I. INTRODUCTION**

### **A. Significance of Microenterprises and Zambuko Trust in Zimbabwe**

Approximately one in every three households in Zimbabwe operates a microenterprise. The shortage of jobs in the formal sector of urban areas combined with the relatively high rates of inflation has made the microenterprise sector an active part of the Zimbabwean economy, which is composed largely of individuals from low resource - based households. These microentrepreneurs have limited capital for growing and diversifying their businesses.

Zambuko Trust was one of the first programs established to target credit directly to microentrepreneurs and to become a self-sustaining organization. Its mission is to be a bridge between the under privileged and opportunities for enterprise and income generation in Zimbabwe. Established in 1992, Zambuko has grown from a small program operating in Harare, the capital city, to having offices in all of the major cities in Zimbabwe. In 1997 Zambuko had more clients than any other organization providing services to microentrepreneurs in Zimbabwe.

### **B. Objective and Scope of the Assessment**

This impact assessment of Zambuko Trust is one of three longitudinal studies being undertaken by USAID's AIMS Project to gain a better understanding of the processes by which microenterprise services strengthen businesses and improve the welfare of microentrepreneurs and their households. The other assessments focus on ACP in Lima, Peru, and the SEWA Bank in Ahmedabad, India.

The objective of these assessments is to determine the impact of microfinance programs on clients, their households and enterprises. The problem statement focuses on two key questions: 1) What is the nature, extent and distribution of these impacts and 2) does the type and depth of impact vary with length of participation in the program and the total value of the loans received. The results from the assessment are intended to assist Zambuko, its partners and other interested entities to understand better the contribution of the program and to provide information that can be used for program planning.

The assessment design includes a baseline survey with a follow-up survey two years later during the same months to determine changes in key factors. To assist in linking those changes to participation in Zambuko's programs, the survey covers a comparative group of non-client microentrepreneurs from the same communities who meet Zambuko's basic eligibility requirements. The survey data will be complemented by a select number of case studies of Zambuko clients to address how and why the changes have occurred and to rule out rival explanations for changes. These case studies will be carried out in the year between the two survey rounds and later again in conjunction with the 1999 follow-up survey. Also, during this later period, focus group interviews will be held to examine questions that arise from the preliminary analysis of the data from both surveys.

The survey design focused on three geographic areas where Zambuko had been in operation for more than one year: Greater Harare (Harare and Chitungwiza), Bulawayo and Mutare. These cities have the largest concentrations of Zimbabwe's urban population and represented approximately 60% of all of Zambuko's clients in May 1997.

The sampling resulted in the baseline assessment covering 691 respondents: 244 new client respondents, 149 repeat clients and 298 non-clients. Eighty-three percent of the respondents were women.

### **C. Assessment Framework**

To analyze the impact of microenterprise services, the AIMS Project uses a framework that conceptualizes the relationship between microenterprises and people's lives, where people are considered as individuals and as members of households and communities. The definition that AIMS uses for household emphasizes residence. A household is defined as a single person or group of persons who usually live and eat together, whether or not they are related by blood, marriage or adoption; and, the individuals recognize each other as members of the same household. Included in this definition are persons who are not living there full-time because they are away at school.

Microenterprises are defined by USAID as very small, informally organized business activities (not including crop production) undertaken by low income, poor people. Microenterprises are further defined as having ten or fewer employees, including the owner operator and any paid or unpaid workers. However, for the purposes of the study, no attempt was made *a priori* to determine if a Zambuko client met this criteria.

The household economic portfolio framework (Chen and Dunn, 1997) developed by the AIMS Project provides a tool for conceptualizing and analyzing the relationship between participation in microfinance programs, microenterprises, and people's lives. Enterprises are embedded in the household economic portfolio. The conceptual framework is defined in terms of three elements: 1) household resources, 2) household activities, and 3) circular flow of interaction between household resources and household activities.

Household resources consist of the human, financial and physical resources available for use by the household in a given period of time. Human resources include economically active members, and the knowledge and skill of members. Physical resources include tangible items that are at the disposal of the household members such as buildings, consumer durables, and enterprise fixed assets such as equipment, furnishings, tools and machines. Financial resources include savings.

A household's activities include consumption and income-generating activities. Food is a major consumption item which plays a role in maintaining the health and vigor of the human resource base. The income-generating activities of a household include enterprises, rental property, casual labor and wage and salaried employment.

A household's income-generating activities produce funds to support and increase its resource base, and to strengthen its social networks. For example, the activities lead to savings and investments that then become part of the financial resource base of the household. In turn the household resources can be employed in maintaining or increasing its income generating activities.

#### **D. Hypotheses**

It is anticipated that participation in Zambuko's program leads to a) improvements in the economic welfare of households, b) enterprise growth, diversification or stability, c) increased empowerment of female clients, and d) strengthened social networks. Under each of these broad-based hypothesis, specific hypothesis will be tested. They are

*Improvements in household economic welfare*

- # greater diversification in sources of income, especially among the poorer households.
- # an increase in household assets, including improvements in housing and addition of appliances, means of transport, and business fixed assets.
- # an increase in the proportion of school aged boys and girls in school.
- # an increase in the dietary mix and frequency of consumption of key foods by the household.
- # an increase in the household's effectiveness in coping with shocks.

*Enterprise growth, diversification or stability*

- # an increase in microenterprise net revenue.
- # an increase in enterprise fixed assets, especially among repeat borrowers.
- # an increase in the paid and unpaid employment generated by the enterprise.
- # improvements in the transactional relationships of the enterprise, such as in buying in bulk and receiving lower per unit prices, the location of the premise, and keeping records.

*Empowerment of female clients*

- # an increase in the client's control over use of loan funds and income generated by her enterprises.
- # a change in the pattern of personal savings.
- # a better position from which to deal with the future through more pro-active behavior in dealing with the future.
- # increased confidence in dealing with the future.
- # increased self-esteem.
- # increased respect from others.

*Strengthened social networks*

- # an increase in the value of cash and in-kind goods provided to persons outside of the household.

## **E. Organization of the Report**

The second chapter of this report centers on the context of the Zimbabwe assessment. The first part focuses on the national context, in particular factors related to the microenterprise sector in urban areas. After a brief setting of the historical context, key economic changes since 1990 are highlighted. It then discusses the microenterprise sector in Zimbabwe and the study sites. The next part describes Zambuko Trust's mission, objectives, organization, geographic coverage, loan products, and expansion.

The following chapter sets forth the methodology used for the assessment in Zimbabwe. It explains the sample design, client and non-client sample selection procedures, and the resultant sample. This is followed by a description of the data collection stages: questionnaire design, preparations for field work, training of enumerators, and field work. It concludes with a description of the data entry, cleaning and analysis.

The fourth chapter presents the findings and analysis of the survey results. It focuses on the key question: how do new clients, repeat clients, and non-client microentrepreneurs differ? The data from the new and repeat client respondents are analyzed separately since it is hypothesized that new clients will be more similar to non-clients than repeat clients. The findings on the human and physical resource base of respondents' households are analyzed. This is followed by a presentation of the findings and analysis on sources and levels of household income, uses of loan funds and income, respondents' microenterprise activities, and elements of empowerment. The chapter ends with a section that compares respondents in the Trust Bank and other female client respondents from Greater Harare to determine if the former are poorer. A summary of the findings and conclusions are covered in the final chapter. This chapter also highlights emerging issues and next steps in the longitudinal assessment.

For readers who would like more detailed information on the baseline findings, an annex provides additional data tabulations. Key tables in the annex are referenced in the text of this document. For instance, A. I. 14 refers to table 14 in section I of the annex.

## II. ASSESSMENT CONTEXT

### A. Zimbabwe

This section describes key factors in Zimbabwe that have strongly affected households and the microenterprise sector, especially in urban areas since the baseline respondents reside in urban areas. It also highlights changes in the micro and small enterprise sectors during the 1990s.

#### 1. Pre-1990s

**Pre-Independence Situation.** During the lifetime of the AIMS baseline survey respondents, Zimbabwe was born out of an internal fight for independence. When independence came in 1980, Zimbabwe emerged with a well-developed but high-cost manufacturing sector which had grown rapidly during the years of external sanctions against trade with Rhodesia (its former self) as a result of Unilateral Declaration of Independence (UDI) from Great Britain by the white settler regime. The manufacturing sector together with mining and commercial agriculture provided employment to almost half of the Zimbabwean labor force. The black labor force was largely relegated in the private as well as public sectors to unskilled and semi-skilled occupations or skilled occupations, such as teaching and health care, serving the indigenous population (World Bank, 1990).



Map 1. Zimbabwe and Study Sites

The formal sector was dependent on the indigenous labor force but, from 1946 to the 1960s, sought to control the size of the black urban population through control of housing accommodations in urban areas. Legislation, such as the Urban Areas Accommodation Registration Act of 1946, was based on the general premise that Africans were temporary residents in urban areas and that their permanent homes were in “native reserves.” Accordingly, emphasis was on providing low-cost “single” accommodation, predominantly hostels, where married men lived while their families remained in rural areas. All housing in the high density suburbs (called African townships) was rented accommodation, provided by the local councils. By the 1960s, however, the government and its supporters accepted that the African population was increasingly becoming permanent residents in urban areas (Auret, 1995).

The 1946 Urban Areas Act caused African traders and businesses previously operating in the European parts of towns to lose their work permits and to be kept almost exclusively in the segregated high density suburbs (Wild, 1997). Enforcement of regulations and by-laws by local councils controlled the types of goods produced and services offered, and the location of production and sales, through zoning, licensing, registration, and minimum wage levels. These factors hindered the microenterprise sector from competing with the formal sector and limited its expansion up to the

1990s (Brand et al., 1992). The regulations consigned microenterprise activities to specific sites largely in the high density suburbs; the occasional vendor and indigenous eating house were permitted to operate in the commercial centers (Wild, 1997).

Women's possibilities of self-employment were limited to activities considered within the female domain and to activities that required little capital outlay, such as sale of crochet or knitted items, fruits, vegetables and firewood. In general, the municipal authorities issued licences only to women in need, that is widows, divorced or elderly women and mothers with numerous children. Women dominated the vegetable stall markets in urban African townships (Wild, 1997).

Official statistics showed only 2.1% of the total labor force in 1969 gainfully employed in the informal sector (i.e., non-registered establishments). While these statistics grossly underestimate the number of persons in the informal sector that year, they indicate the low level of employment compared to statistics for the same year showing 44.6% of the labor force in formal employment (of which 12% were women largely engaged as casual laborers), and 54.1% employed in communal and small-scale farming (World Bank, 1990).

**Aftermath of Independence.** Independence ushered in a government whose stated goal was to pursue growth with equity on the basis of socialist principles. In the immediate post-independence period, the focus of government included indigenization of the public sector institutions, greater participation and advancement of Africans in the private sector, equal pay for equal work, expansion of housing in urban areas, and women's legal rights.

At the time of independence, 25% of Zimbabwe's population was living in urban areas, including over 1.2 million blacks. This population was largely supported by employment in the formal sector of the economy. Throughout the 1980s wage employment grew, especially in services and the public sector, although it failed to keep pace with growth in the urban population (Rakodi, 1994) and the general rate of population growth (Hawkins et al., 1988).

Worker demands for higher wages and better living conditions were expressed through a wave of strikes after independence. In 1980 minimum wages were raised by a significant amount, although set at lower levels for the agricultural and domestic service sectors because of the risk of disemployment effects. Annual increases continued on a limited scale until 1987, with periodic wage freezes by government as part of its anti-inflation policy. However, wage increases did not keep pace with inflation with the result that by 1986 minimum real wages fell below the 1980 level, except for domestic workers (Rakodi, 1994).

After independence, attention was given to provision of better living conditions and more housing units in urban areas. A number of low-cost housing schemes were begun adjacent to the high density areas outside the main cities, with financial assistance from USAID and the World Bank. The new schemes were largely based on provision of a basic three- or four-room house with area for expansion, and with indoor piped water, toilets and electricity. The existing rental units in high density areas were turned into owner-occupancy units, and hostels into rental units for families. Housing and commercial plots in former white areas were open for black ownership.

The immediate post-independence period also brought a major change in the legal status of women which was championed by the President and key leaders. Prior to 1982, an African woman in Zimbabwe (like those in South Africa, Swaziland, Lesotho and Botswana) was legally a perpetual minor, under the guardianship of a male, be it the husband, father or male kin. This meant that a woman was unable legally to enter into marriage, commercial or other contracts without the consent of her father, husband, or male guardian; could not sue or be sued, and was stripped of all rights over her children upon death of the husband. This legal status conferred such all reaching rights to men that a husband could (but rarely did) collect his wife's paycheck (Barnes, 1981). In 1982 the Legal Age of Majority Act gave both genders majority status at age 18,<sup>1</sup> and thus laid the foundation for the economic empowerment of women.

In spite of achievements made in the 1980s, by the last half of the decade structural problems were becoming apparent in Zimbabwe's industrial sector. These included a high degree of effective monopoly through vertical and horizontal integration of capital, lack of significant job creation, and low levels of investment. Also, the import substitution policy that the government had inherited from UDI permitted industries a high degree of protection against competition (Gibbon, 1995).

In addition, a number of factors were limiting the government's ability to finance changes. Among these were

- # the rising economic costs of South African destabilization,
- # the droughts in 1982-84 and 1987 which negatively affected agriculture,
- # an increasing debt service, which at times accounted for more than 30% of the export earnings,
- # rising deficits of parastatal organizations such as the National Railways of Zimbabwe and agricultural marketing boards,
- # an economic policy that was discouraging investments and stifled employment creation through price controls, labor market restrictions and investment sanctioning, and
- # the rapid expansion of the civil service in the context of "Africanization" (Peters-Berries, 1993).

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<sup>1</sup> Laws governing ownership of property, however, still depend on race. If both husband and wife are "Africans", customary law applies, giving the husband full control of family property. However the Matrimonial Causes Act (1985) allows the equitable distribution of family property between spouses upon divorce in a registered marriage under customary or general law. Although a widow cannot have a share of her deceased husband's property if he leaves no will, she can take legal action to win support for herself and her children (UNICEF, 1994; Dengu-Zvogbo et al., 1994).



## 2. Economic situation since 1990

**Macroeconomic Situation.** The 1990 - 1997 period leading up to the AIMS baseline survey is characterized by macro-level structural changes in the economy, a period of severe, wide-spread drought, and high levels of inflation. This combination resulted in economic hardship for the majority of the population but also spurred relaxation of regulations governing microenterprises.

The macro-economic adjustments initiated in 1990 and 1991 contained a series of measures intended to improve the Zimbabwean economy. These included

- # the introduction of cost- recovery measures (e.g. school fees and user fees for health services) to reduce recurrent public expenditure,
- # elimination of subsidies to state-owned enterprises through rationalization, commercialization and privatization,
- # reduction of the public sector salary bill partly through a 25% cut in the size of the establishment,
- # deregulation of price controls on almost all consumer goods,
- # introduction of “free collective bargaining” which in effect abolished statutory wage regulation except for agricultural and domestic workers, and
- # relaxation of licensing and zoning regulations for the informal and small-scale enterprises (Gibbon 1995).

As the immediate economic repercussions of structural adjustment were being felt in 1991-1992, the situation was aggravated by a serious drought, alleged to be the worst since 1911. Poor rains in 1990-91 were followed by two additional years of low rainfall, with many parts of the country receiving 40 percent or less of normal precipitation. Agricultural production fell, and (deregulated) consumer prices rose.

Employment in key sectors, such as agriculture and mining, was affected by the drought. For example, employment fell in manufacturing and mining operations due to inadequate supplies of water and hydro-based electric power shortages (Gibbon, 1995). Since then employment in the mining and agricultural, forestry and fishing sectors has increased, whereas employment has decreased in construction, manufacturing and public administration (table 1). Data on employment in the urban areas of Harare, Bulawayo and Mutare reveal a downward trend from 1991 through 1996, but data for 1996 and the first quarter of 1997 indicate a reverse in the downward spiral in Harare and Mutare (table 2).<sup>2</sup> This may be related to the rise in employment in urban based micro and small enterprises, which is discussed in the following section.

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<sup>2</sup> Employment data disaggregated by gender are not available to assess the trend in the employment of women. Data from the 1992 Population Census provide the following one-time snapshot of the distribution of economically active women aged 15 years and above: 35% own account workers, 27% paid employees, 21% employers, 17% unpaid family workers and 21% unemployed (CSO, 1995).

**Table 1: Employment in Key Industrial Sectors, 1990 - 1997 (thousands of employees)\***

	<b>Total Employees</b>	<b>Agriculture, Forestry &amp; Fishing</b>	<b>Manu- facturing</b>	<b>Mining, Quarrying</b>	<b>Public Adminis- tration</b>	<b>Construc- tion</b>
1990	1,192.2	290.0	197.1	51.4	93.4	75.8
1991	1,244.2	304.2	205.5	50.9	94.9	81.1
1993	1,239.0	323.6	187.7	47.5	89.0	90.5
1995	1,239.6	334.0	185.9	59.0	77.0	71.8
1996	1,273.7	347.0	183.5	59.8	70.9	77.5
1 <sup>st</sup> qter 1997	N.A.	N.A.	182.8	59.3	67.1	73.8

*Source: Various issues of the Quarterly Digest of Statistics, Central Statistical Office.*

\* These figures exclude the employees of small agricultural units and small businesses in rural areas, but include those engaged in urban enterprises with less than 10 employees.

**Table 2: Employment in Harare, Bulawayo and Mutare, 1990 - 1997 ( thousands, annual average)**

	<b>Harare</b>	<b>Bulawayo</b>	<b>Mutare</b>
1990	326.0	152.7	33.1
1991	349.1	156.2	35.5
1993	336.3	152.5	34.9
1995	334.3	146.1	33.8
1996	342.4	142.3	35.8
1 <sup>st</sup> quarter 1997	348.4	143.7	35.7

*Source: Various issues of the Quarterly Digest of Statistics, Central Statistical Office.*

The consumer price index increased four-fold between 1990 and 1996: with 1990 as the base year (100) the consumer price index rose dramatically, to 406.9 in 1996. During this period the index for food increased to 544.8. While data for 1966 earnings are not yet available, a comparison of the consumer price index and earnings for 1990 - 1995 reveal that there was a real decline in disposable income.

Data on 1994 - 1997 reveal positive changes occurred in the real GDP growth rate, the balance of payments, and the proportion of GDP to service debt. However, the annual inflation rate continued to be about 20% (table 3).

**Table 3. Macroeconomic Statistics, 1994 - 1997**

	1994	1995	1996	1997
Real GDP Growth Rate(percentage)	4.4	- 1.8	8.1	3.7
Population (millions)	11.2	11.5	11.9	12.2
Population (percentage growth)	3.1	3.1	3.0	3.0
Budget Deficit (percentage of GDP)	8.0	12.1	10.1	9.0
Trade Balance (millions of US \$)	171.0	- 100.0	10.7	-200.0
Balance of Payments (millions of US\$)	-138.0	-450.0	50.0	120.0
Amount of Debt, External & Domestic (millions of US\$)	4,538.0	4,615	4,650	4,600.0
GDP to Service Debt (percentage)	79	66	74	70
Inflation Rate (annual average)	21.8	22.7	16.4	20.1

*Source: Economic Analysis for USAID, Zimbabwe Country Strategy Plan, 1997, and McPherson, 1998.*

**Impacts on Households.** As indicated above, from 1990 - 1994 consumers were hit with lower levels of real income, increased cost of food and basic items, job losses, and inflation running at 16-23% per annum. Estimates on the number of people retrenched or losing their jobs vary. Between December 1991 and the end of 1992 nearly 21,000 jobs were lost in manufacturing (mainly textiles and clothing, sugar processing and leather) as well as 11,000 in education and health (GOZ, 1993). Thereafter, redundancies and the closing of formal sector establishments have continued but at a slower pace (Rakodi, 1994).

Research in 1992 and 1993 on the impact of structural adjustment on women and informal trade in Chitungwiza and Harare found that households adjusted by changing dietary patterns, particularly eating smaller quantities or cheaper types of expensive food items such as meat (Bijlmakers et al., 1995; Brand, 1992.) Adjustments also included the purchase of used rather than new clothing. However, although the cost of schooling and health services rose, there seemed to be little impact in terms of households withdrawing children from school, and decreasing their use of health services (Brand et al., 1995). At the same time, women began assuming more financial responsibility within the household, especially when husbands lost their jobs and remained unemployed. Women often relied on their microenterprise activities to meet the financial needs of their households.

Good rainy seasons in 1993-94 through 1995-96 resulted in good agricultural seasons which took an edge off of the hardships most households had felt. However, in 1997 new price and production cost increases coupled with increased levels of taxation on individuals and companies and higher charges for essential services continued to erode real disposable incomes. By mid-1997, consumer buying power was at only about two thirds of its 1990 level and unemployment levels continued to rise (USAID, 1997).

### 3. Microenterprise sector

**Changes in the Micro and Small Enterprise Sector 1991 to 1998<sup>3</sup>.** As alluded to above, the changes in the macroeconomic setting in the 1990s and their impact on households affected the microenterprise sector. Trends in the micro and small enterprise (MSE) sector from 1991 to 1998 have been documented by three nationwide sample surveys carried out on behalf of USAID. Although the resultant reports aggregate most of the MSE data, they provide the best source of information on the microenterprise sector in the 1990s.

Between 1991 and 1998, the number of MSE in urban areas increased 30%, while the number of persons employed in these enterprises increased 52%. Increases in the urban population and lack of other income earning opportunities contributed to these growth rates. During the same period, in rural areas the number of MSEs and employment in them decreased. As a result, the actual number of enterprises decreased by one percent between 1991 and early 1998. In the latter period, approximately 860,329 enterprises were engaged in manufacturing, commerce or services, employing 1.64 million people or 24.8% of Zimbabwe's working age population.

A major change in the 1990s has been the decrease in the percentage of MSEs owned by women. Whereas women represented 71% of all MSE proprietors in 1993, down 3% from 1991, they accounted for only 58% of all MSEs in 1998. The likely reasons for this are a) retrenched men either starting MSEs that have driven out some female-owned businesses or becoming joint owners of enterprises previously owned by their wives, and b) a rapid decline in activities dominated by women, such as crocheting, knitting, and textile apparel manufacturing.

The sectoral distribution of MSEs has shifted. Between 1991 and early 1998, the proportion of all MSEs involved in manufacturing dropped from 72% to 42%. During the same period the proportion of MSEs engaged in trade more than doubled, reaching 45% of the total MSEs. Also, there was an increase in the service sector, but it still represents less than 5% of the total MSEs. Most of the shift has been to low profit activities, such as vending farm products, and vending used clothes. The birth of low profit firms is largely a result of a lack of access to better options, rather than the demand for goods and services, and low entrance costs.

Employment in MSEs (especially microenterprises) does not usually translate into reasonable profit levels and hence "take-home" income. Daniels (1994) found that close to two-thirds of all MSEs made less profit than the minimum wage for domestic workers in Zimbabwe and over three-fourths made profits below the average employee earnings within the formal sector.<sup>4</sup> As a result, businesses often close. This closure of firms is linked to the broader economic context. For the period

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<sup>3</sup> This section is based almost exclusively on McPherson, 1998 and Daniels, 1994. It refers exclusively to manufacturing, commercial and service enterprises, although the former study also included crop enterprises. These studies covered all businesses with 50 or fewer employees, including working proprietors, unpaid workers and apprentices.

<sup>4</sup> At this time, the minimum wage for domestic workers was the lowest set wage rate in Zimbabwe: Z\$2,133 per year plus Z\$ 871.12 per year for accommodation. The average earnings in the formal sector outside of agriculture were estimated to be Z\$1,084 per month.

1988-1996, regression analysis shows that a 1% decrease in the GDP growth rate led to a 0.35% increase in the overall MSE death rate (McPherson, 1998).

**Laws and Regulations.** As noted above, the structural adjustment program begun in 1990 called for lessening restrictions on micro and small enterprises. Until then, zoning and licensing regulations had often been cited in critiques of government policies as impediments to broad-based economic growth. For instance, if a microentrepreneur wanted to operate outside of a designated zone, the individual had to submit an application, advertise, advise neighbors, and acquire special consent (Daniels, 1994).

As a result of this structural adjustment measure to lessen hardships faced by households, a number of new sites have been designated by local authorities as industrial sites, “people’s markets” and flea markets. Within the main city centers, sites have been designated for vendors; examples are the main park in Harare city center and a major parking lot at a government building in Bulawayo designated as a Sunday market site.

In addition, local authorities have relaxed enforcement of regulations, especially on the operation of enterprises from residences. However, there are periodic crackdowns on microentrepreneurs operating on undesignated sites and without licenses or permits; this is especially prevalent in Bulawayo. Nevertheless, there does not appear to be a regular practice of harassment and fleecing through demand for bribes and confiscation of goods, as often found in other African countries.

According to regulations, anyone operating a business (including home-based income generating ventures) is required to obtain a license. The type of license depends on the nature of the business (e.g. shop, trading, vending, hawking) and licenses are renewable annually, with payment of a fee. Operators, including home-based enterprises, are required to provide public sanitary facilities: a toilet, water, and waste material disposal bins.<sup>5</sup> In spite of these regulations both the second nationwide MSE survey and AIMS baseline survey found that most microentrepreneurs do not have a licence. Proprietors, especially of home-based operations, usually claim that they are not required to have a license. The survey findings support the conclusion that enforcement of existing regulations has been relaxed.

Nationally Zimbabwe does not have a specific piece of legislation governing microenterprises. Yet, there are indications of a positive attitude since the mid 1990s, such as creation of a loan window for select microfinance institutions under the Social Dimension Fund. Tender procedures have been regulated to ensure that contracts below Z\$10 million for construction are awarded to indigenous small and microenterprises and 30% of larger scale contracts must be reserved for indigenous MSEs (Magwada, 1997).

**Organizations Providing Services to Microentrepreneurs.** Around the time of independence, a number of organizations provided grants or soft loans, often as part of their social outreach program, for income-generating activities. These programs were normally undertaken without regard to the financial sustainability of the program. For instance, the Adult Literacy Organization of Zimbabwe,

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<sup>5</sup> This information was collected in July 1998 for AIMS by Mr. Kefasi, who interviewed City Council officials and local police in Harare.

an NGO, had an externally-funded income-generating project that used participatory techniques with literacy groups to identify and undertake group-based activities (e.g. rural bakeries and marketing items made by group members) backed by seed-capital grants and guidance.

Programs undertaken by the government and banks focused on development of indigenous businesses have largely by-passed microentrepreneurs. For example, the requirements by Small Enterprise Development Corporation (SEDCO) that the prospective beneficiaries be operating from proper premises for which they hold title deeds or a formal lease and provide a formal project proposal, documentary proof of outstanding orders, and a copy of a registration certificate ipso facto rule out the vast majority of microentrepreneurs. However, a pilot effort to reach further down to the microenterprise sector was initiated in 1997, which established a community banking window at the Highfield (a section of Harare) branch of the Commercial Bank of Zimbabwe, in cooperation with CARE.

The number of non-banking organizations that provide microfinance services for microentrepreneurs is growing (see ENDA, 1994 and 1996). Besides Zambuko Trust, one of the more established organizations is the Zimbabwe Women's Finance Trust, which has extensive outreach. Other organizations have a limited geographic coverage or clientele.

An increase in the number of banking and non-banking organizations offering credit and other services to microentrepreneurs within the same geographic area brings competition, with potential negative as well as positive consequences. The potential advantages include competitive financial charges and criteria for selection. The negative aspects include "stealing" of staff and officers, the ability of individuals or members of groups to default on a loan with one organization and receive credit from another, and the potential to have loans simultaneously from different organizations. In 1997 there was evidence of these, and discussions were held among key microfinance programs about ways to detect and prevent against defaulters accessing other loan schemes and competing loans.

An umbrella organization, the Zimbabwe Association of Microfinance Institutions (ZAMFI), was established in 1997. It focuses on issues affecting microfinance organizations and their clientele. The organization provides a forum for discussion of common issues, such as government policies and techniques for preventing defaulters from accessing other programs and borrowers accessing loans from more than one program at the same time. Currently a secretariat is being formed. ZAMFI's member institutions include Zambuko Trust, Opportunity International, Masvingo Credit Against Poverty, Canadian Co-operative Association, National Association of Co-op Savings and Credit Unions, Phakama Economic Development Company (Pvt) Ltd, Zimbabwe Ecumenical Church Loan Fund, Mennonite Economic Development Association, CARE International, World Vision Zimbabwe and the Collective Self Finance Scheme.

#### 4. Study sites

**Greater Harare.** Harare Province contains the nation's capital city. According to the 1992 census, it was the most densely populated province and the second largest in the country with 14% of the total Zimbabwe population. The province of Harare contains three districts: Chitungwiza, Harare Urban, and Harare Rural.

The core of Chitungwiza consists of three older high density areas which were largely residential sites for workers in the capital city prior to independence. It now contains several newer housing areas and its own commercial base with an up-market shopping center, small business centers, and market facilities<sup>6</sup>. The largest industry in Chitungwiza is a cotton mill, which was closed for a few years but reopened in 1997. It employs about 2,000 workers. Chitungwiza is the third largest town in Zimbabwe and in 1992 it had a population of 274,912 persons.

Harare Urban district consists of the core commercial center of the city, its adjacent formal sector industrial area, and low-density residential areas as well as the high density areas with their smaller commercial and industrial areas. Many of the high density-areas, like those in Chitungwiza, are nearly self-contained communities, with banks, shops, post offices, market facilities, and schools. The main wholesale agricultural products market is located in Harare town. Adjacent to it microentrepreneurs operate from large market facilities, streets, and industrial "parks". The population in Harare town numbered 1,189 million people in 1992, which made it the largest in the country.

**Bulawayo.** Bulawayo, Zimbabwe's second largest city, is the seat of Bulawayo Province. According to the 1992 population census, the population was 621,742,<sup>7</sup> representing 6% of the total population of Zimbabwe. Like Harare, it contains the older commercial city, formal sector industrial area, and adjacent high density areas (mainly situated to the west of the city). Approximately 82% of the residents live in these high density areas that consist of the older suburbs and huge housing scheme developments.

Bulawayo, situated in the south-west of the country, is a major transport center between South Africa and the rest of Zimbabwe. A major communications and transport network links it with the industrial complexes in the southern part of the country. The headquarters for the National Railways of Zimbabwe and several large formal sector industrial operations are located in Bulawayo.

Bulawayo is located in that part of the country which is susceptible to frequent bouts of drought, on a localized scale. The surrounding rural areas are largely devoted to animal husbandry.

**Mutare.** Situated in the Eastern Highlands, Mutare is Zimbabwe's gateway to Mozambique. Mozambique's port at Beira is Zimbabwe's closest and primary access to sea routes. The road, rail and oil pipeline that link Beira with Zimbabwe pass through Mutare.

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<sup>6</sup> An excellent study of fruit and vegetable traders in Harare was conducted by Nancy Horn (1995).

<sup>7</sup> These census figures were disputed by the Bulawayo City Council who puts the population at between 800,000 and one million (Mundy, 1995).

Mutare is the provincial capital of Manicaland Province, which has the highest population in the country, 1.5 million people, or 15% of the total 1992 population. Mutare is Zimbabwe's fourth largest city and its 1992 population numbered 131,808. The city's industrial base reflects the agricultural activities in surrounding rural areas, such as timber, tea and coffee plantations, deciduous fruits, and vegetables. Older and new high density suburbs are situated a few miles from the city center.

## **B. Zambuko Trust**

### **1. Goals and objectives**

Zambuko Trust, a partner in the Opportunity International Network, emerged from the efforts of a group of Zimbabwean business, community and church leaders who joined together in 1990 to establish a microenterprise lending organization. The name Zambuko means "bridge" in the Shona language and reflects the mission of the organization: "to be a bridge between the under privileged and opportunities for enterprise and income generation" in Zimbabwe. Its goal centers on creation of employment and generation of income for the underprivileged through microenterprise business activities. To "become a self-supportive, viable organization" is also a stated goal.

Zambuko's objectives focus on facilitating the expansion of microenterprises, creating employment opportunities within the microenterprise sector, and promoting the transition of microenterprises to formal enterprises. Its service objectives are provision of loans, training in business practices and administration, and on-going business support services to clients. Its objectives include ensuring that women are equal recipients of loans and services.

### **2. Organization and geographic coverage**

**Legal Status.** Zambuko Trust was established in February 1992 with assistance from Opportunity International. Although it operates as a single, unified organization, Zambuko is registered as two distinct legal entities. The Gesher Trust is registered as a social welfare organization to provide business training and technical assistance to microentrepreneurs and, as such, it is entitled to receive grants without paying taxes. Since the Social Welfare Act prohibits organizations registered under it from charging interest on loans, Zambuko Trust was established as a subsidiary of the first and registered as a private, limited liability company under the Money Lenders Act which caps the interest rate Zambuko can legally charge.

**Structure and Geographic Coverage.** Over the years Zambuko's organizational structure and geographic coverage have undergone changes which reflect expansion of the program, lessons learned, and utilization of best practices in the microfinance industry. In its initial stage Zambuko served Harare and Domboshawa, a rural agricultural area approximately 20 kilometers from Harare. The experience in Domboshawa, which coincided with a prolonged period of drought, led Zambuko to focus on urban and peri-urban settings, and to avoid loans for crop production activities. This focus coincides with the burgeoning of microenterprise firms in urban rather than rural areas.



After its start-up year, Zambuko began establishing branch offices, to which smaller, satellite offices (table 4) were linked. Branch offices were staffed with a branch officer, field officers (loan officers) and an accounts clerk. Potential clients would receive a half-day of training at the branch office prior to formal application for a loan, and clients within a branch's catchment area were required to travel to the branch office for all financial transactions. In comparison, a satellite office would have one or two staff, under the supervision of the branch officer. A satellite office would provide the initial training session, take loan applications, follow-up on borrowers, disburse loans and collect payments. Financial information was sent to the branch office for computerized entry into the formal information system. The satellite offices were located in towns outside of the branch office's immediate catchment area.

**Table 4. Growth of Zambuko Trust Branches and Offices (1992-96)**

Branch Office	Associated Satellite Office
Harare (1992)	Chitungwiza (1994)
Bulawayo (1994)	Gwanda (1996)
Gweru (1996)	Kwekwe (1994)
Mutare (1995)	

**Table 5. Zambuko Trust Regional Offices and Branches, August 1997**

Regional Office	Branch Office
Harare	Harare City, Chitungwiza, Mbare, Kuwadzana, Bindura, Chinhoyi

In 1997, Zambuko instituted a policy of decentralization and modified its structure (table 5). The objective is to have branch offices in areas with the highest concentration of clients (and potential clients) for ease of monitoring by loan officers and to lessen the distance clients must go to transact business. When fully operational, the branch will be the basic business unit, and each will have a senior loan officer, a loan officer and an accounts clerk. Each branch is a cost-controlled center; to be self-financing a branch needs to handle approximately 500 clients a year.

In the fall of 1997, when the baseline study was conducted, there were five Regional Offices and 18 Branch Offices. These were staffed with approximately 56 individuals, supported by a Headquarters Unit of 10 individuals. The Regional Offices perform largely management functions, such as monitoring of the branches, computerized data entry of records, and enforcement of steps to improve delinquencies and defaults. Regional Offices are also responsible for handling all loan applications and clients with loans over Z\$25,000.<sup>8</sup>

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<sup>8</sup> The Zimbabwe dollar is used throughout this report. As of September 1997, approximately Z\$11.9 was equal to one U.S. dollar.

**Box 1: Zambuko Products and Methods**

Individual	The requirements are 1) a personal guarantor, and 2) pledge of a movable fixed asset. Where feasible, loans are provided to a cluster of individuals who are either resident or conduct business in the same area and work together in some way. The individual is required to attend a half-day training session prior to formal application for a loan.
Group	A self-selected group of five to ten persons, who either reside or conduct businesses in the same geographic area, co-guarantee each other. A non-essential movable asset is pledged by each member against the loan. Each person is required to attend a half-day training session prior to formal application for a loan.
Trust Bank	This is a variant of the village banking model and is aimed at poorer women. At the time of the baseline it consisted of a self-selected group of 5 members who co-guaranteed loans to each of its members, and 5 to 7 groups formed a center. This was changed in 1998 to a group of 20 - 30 members co-guaranteeing loans to its members. Members are required to attend one-hour training sessions for 8 weeks prior to receipt of loan and to attend bi-weekly meetings.

**3. Lending products, methods and terms**

Initially Zambuko provided loans to individuals, but in 1995 it started providing group loans. By late 1996 the policy was to provide loans only to members of groups, but continue with individual loans to repeat, individual loan clients. However, due to resistance to group loans outside of Harare and Chitungwiza, individual loans to new borrowers tend to be the norm. And, for subsequent loans a person who had a group loan might be approved by the loan officer for an individual loan product.

In 1997, the year of the baseline assessment, the loan terms were

- # Interest at 32% per annum on straight line basis.
- # Application fee of Z\$70 (as of June 1, 1997, increased from Z\$50).
- # Processing fee (3.5% on loans >Z\$5,000; 4.5% on loans < Z\$5,000).
- # Late payment fee (5% of principal in arrears)
- # Deposit of 10% of approved loan amount, refunded if loan conditions met
- # Trust Bank maximum initial loan of Z\$2,500, with Z\$9,000 the maximum for subsequent loans. Repayment period 6 months, but increased with size of loan.
- # Main program loans between Z\$2,500 and \$15,000, with repayment period of 6 to 12 months, and for loans greater than Z\$15,000, an 18-month repayment period. Maximum initial loan size of Z\$5,000.
- # Loan and interest installments paid on a monthly basis, with no grace period.

The interest rate has remained the same from June 1995 onwards and it is calculated on a flat rather than declining basis. Additional fees that the institution charges are periodically adjusted to account for inflation.

Within the limits stated above, the repayment period is determined by the loan officer. To encourage and reward those who repay their loans on time, in the fall of 1997 Zambuko initiated a policy of giving a 2% discount on the interest rate of the subsequent loan to on- time payers.

Loan officers are responsible for on-site review of the information in the loan application and vetting of the applicant and loan amount, while the head of their office reviews and approves applications. Each loan officer is assigned a number of persons for whom s/he is responsible. This responsibility consists of follow-up visits to check on the client, provide informal business advice, and remind clients to repay loans on time. The loan officer issues warnings when the loans are delinquent.

**Trust Bank:** Zambuko's Trust Bank serves only women and its methodology includes group formation, intensive business training, six-month loans, and bi-weekly group meetings covering topics of concern to the members. These elements are aimed at the economic and social empowerment of the members. The target clientele are very poor women, although in 1997 Zambuko did not exclude others who wanted to join since these other women strengthen the ability of a group to guarantee the loans received by its members, and provide knowledge and skills to the group which the others often lack.

Similar to criteria used for vetting clients for the individual and group loan products, Trust Bank clients are expected to have an enterprise which has been operating at least six months, although this criterion is not strictly applied since very poor women often change the nature of their income generating activity; and a member can not have full-time employment outside of her income generating activity. Unlike the individual and group loan products, the pledging of an individual, non-essential asset is not compulsory, but it is pledged if available.

Potential members are required to attend an eight-week orientation training prior to receipt of a loan. This training focuses on loan requirements and business management. During this period there is a compulsory savings requirement which is equivalent to the first loan repayment installment. After receipt of a loan, members meet bi-weekly. During these sessions, they exchange information and often have a designated topic for discussion, such as nutrition and child care.

Members of a center select officers: a chairwoman, secretary and treasurer. These officers receive training from Zambuko in leadership skills. The officers are responsible for organizing meetings and leading discussions, although they are often assisted by a Zambuko field officer.

In early 1997 a family assistance insurance scheme was established, directed by a board composed of clients. One scheme operates in Chitungwiza and another in Harare. The operation and requirements vary due to decisions made by the members. If a member dies, the insurance scheme covers repayment of her loan plus pays out funds to assist the family with burial costs. Payments are also made to members when an immediate family members dies. Initially each member contributed Z\$50 to capitalize the fund and thereafter additional deposits are made. The amount and frequency

of the additional deposits and payouts differ between the two schemes based on decisions made by their respective participants.

The Trust Bank began in Chitungwiza in early 1996 and extended to Kwadzana area of Harare later that same year. In 1997 the program was extended to other geographic areas, after a two-week training course to prepare a new cadre of loan officers from the different regions. A Trust Bank officer based in the Harare Office is responsible for the management and implementation of the program. The loan officers responsible for the Trust Bank report directly to their respective branch officer, but have links to the Trust Bank Officer in Harare.

#### **4. Financial data and growth of the program**

Zambuko's loan portfolio has grown rapidly, especially in fiscal year September 1996 - August 1997 (referred to as FY 97) (see table 6). In contrast to the previous fiscal year, the number of loans outstanding increased from 3,934 at the end of FY 1996 to 10,558 at the end of FY 1997 and the value of loans outstanding increased almost five fold. The growth in number of loans over the years has been accompanied by an increase in the proportion of loans to women. By the end of the FY 1997, three-fourths of Zambuko's loans went to women.

The nominal interest rate on loans has remained relatively steady in spite of the relatively high inflation rate. This, however, has been off-set by other fees, such as the application and processing fees which are adjusted periodically to keep up with inflationary pressures. Like most microfinance organizations, Zambuko has encountered relatively high delinquency and default rates. In its initial years this was related to a major drought, while in 1995 the uncertainty of future program funding led a number of clients to default.

After the appointment in 1996 of the current Executive Director, a series of actions have been taken to improve repayment rates. Besides decentralizing to a branch structure as explained earlier, the following have been instituted:

- # incentives system for clients with 100% on-time payments: discount of two percent interest applied on completion of the loan, and an automatic re-loan which is activated by the last installment,
- # strict policy of dealing with late payments: starting with warnings after one week, applying the insurance fund after 30 days, asking the guarantor to pay instead of the client after week 5, and legal action before week 8,
- # appointment of a team of debt collectors to track down very late loans which are too difficult for loan officers to handle,
- # revision of the client screening procedures,
- # formalizing the content of the training given to clients, and
- # periodic training of loan officers.

**Table 6. Financial Record of Zambuko Trust, January 1994 - August 1997\***

	Jan.'94-Aug.'94 (8 months)	Sept.'94-Aug.'95	Sept.'95-Aug.'96	Sept.'96- Aug.'97
Loans Outstanding at End of Year (number)	1,116	3,342	3,934	10,558
Loans to Women (percentage)	51	69%	77%	77%
Total Value of Loans Outstanding at End of Year (Z\$)	1,606,213	2,493,326	3,339,326	17,405,917
Average Loan Size (Z\$)	n.d.	1,528	n.d.	2,537
<b>INTEREST RATES</b>				
Nominal Interest Rate Charged by Program	35%	35% - 32%	32%	32%
Local Interbank Interest Rate	40.50%	39.62%	37.42%	35.00%
Inflation Rate*	21.6%	26.3%	17.7%	17.9%
Exchange Rate*	8.13	8.65	10.25	11.89
<b>CLIENT REVENUE</b>				
Interest Income from Clients (Z\$)	271,177	991,248	1,531,918	3,003,870
Fee Income from Clients (Z\$)	184,711	381,746	372,801	1,784,394
<b>NON-FINANCIAL EXPENSES</b>				
Administration (Z\$)	584,475	2,370,544	4,431,766	7,286,860
Depreciation of Fixed Assets	57,642	175,764	295,150	n.d.
Loan Loss Provision	45,929	433,779	721,844	1,808,311
<b>RATES</b>				
Delinquency Rate	n.d.	22%	19%	16%
Long-run Loss Rate	n.d.	n.d.	20%	n.d.

Source: *Issues of the Monthly Bulletin of the Reserve Bank of Zimbabwe, and Zambuko reports.*

The fiscal year is from September 1 through August 31.

\* These are stated for August of each year.

n.d. = no data available.

It is anticipated that the assessment's results will reveal factors associated with loan default. For example, after the second survey round information on loan defaulters will be analyzed to determine if it is related to size of the loan, or length of participation in the program.

## 5. Basic profile of loans and clients

In fiscal year 1996/97, Zambuko disbursed 6,123 more loans than the previous year (table 7). The increase in the number of loans reflects that Zambuko more than doubled its client base. However, since an individual may have received two six-month loans during a fiscal year, the number of loans each year serves only as a proxy indicator of the number of individuals participating in the program each year.

**Table 7. Distribution of Zambuko Loans by Geographic Location and Gender, Fiscal Years 1995/96 and 1996/97**

Location	Fiscal Year 1995/96		Fiscal Year 1996/97	
	Number of Loans	Loans to Females (%)	Number of Loans	Loans to Females (%)
Harare Main	663 (23%)	76	1,748 (19%)	81
Chitungwiza Main	238 (8%)	87	773 (9%)	75
Trust Bank - Harare & Bulawayo	300 (10%)	100	999 (11%)	100
Mutare	554 (19%)	75	1,308 (15%)	71
Gweru	496 (17%)	65	1,067 (12%)	75
Kwekwe	349 (12%)	81	645 (7%)	73
Kwekwe	327 (11%)	66	810 (9%)	71
Masvingo*	---	----	1,023 (11%)	75
Chinhoyi & Bindura*	---	----	677 (7%)	78
Total	2,927 (100%)	77	9,050 (100%)	78

Source: Zambuko Management Information System.

\* These locations began disbursing loans in June 1997

Approximately three-quarters of Zambuko's clients are women. Although Zambuko did not begin with a policy of targeting women, the good repayment performance of women vis a vis men led the organization to make a strategic decision to target women (World Bank, 1997). At the time, this decision was underscored by the preponderance of female MSE proprietors.

Using Zambuko's classification of sectors, an analysis of the sector distribution of loans in recent fiscal years (1995/96 and 1996/97) shows that most went to individuals engaged in either manufacturing or trade (table 8). The "other" category reflects primarily services and agriculture (e.g. livestock trade, poultry raising and market gardens), since almost none of the clients are involved in food-based businesses (e.g. catering and restaurants) due to government enforcement of regulations governing this sub-sector.

The data in table 7 reveals that Harare, Chitungwiza, Bulawayo, Mutare and the Trust Bank accounted for almost two-thirds of all loans in 1996/97. That year, the proportion of loans to female clients was slightly higher in the selected areas (80%) than in the other locations (74%). The sector distribution in the study areas varied slightly from that of the total loan-receiving population: the study areas had a smaller proportion of loans in the "other" sector.

**Table 8. Sector Distribution of Zambuko Loans by Geographic Location for Fiscal Years 1995/96 and 1996/97 (percentage)**

Location	Fiscal Year 1995/96			Fiscal Year 1996/97		
	Manu- facturing	Trade	Other*	Manu- facturing	Trade	Other
Harare Main	61	33	6	56	36	8
Chitungwiza Main	58	33	9	51	41	8
Trust Bank (Harare & Chitungwiza)	46	50	4	47	48	5
Bulawayo	44	39	17	36	39	25
Mutare	37	46	17	21	73	6
Gweru	71	6	23	59	13	28
Kwekwe	47	34	19	35	43	22
Masvingo				22	55	23
Chinhoyi & Bindura				31	51	18
Percentage of all clients	52	35	13	41	45	14

*Source: Zambuko Management Information System.*

\*Other consists of services, agriculture and food.

### III. METHODOLOGY AND CHARACTERISTICS OF FINAL SAMPLE

#### A. Sampling Framework

##### 1. Sample design

**Overview:** The study covers three geographic areas - Greater Harare (Harare and Chitungwiza), Bulawayo and Mutare. The sample design centered on inclusion of new and repeat (continuing) clients of Zambuko, and non-client microentrepreneurs (table 9). The latter were specifically matched with clients on the basis of gender, enterprise sector and geographic location. In addition, to be included in the study non-client microentrepreneurs had to meet these criteria:

a) never received credit from a formal organization for their business, b) be the sole or joint owner of an enterprise at least six months old, and c) not be employed elsewhere on a full time basis; as such, the non-client respondents represent those who meet basic criteria for access to Zambuko's program, but do not participate.

**Table 9. Sample Format**

Location	New	Repeat	Non-clients
Greater Harare			
Women's Program Greater Harare			
Bulawayo			
Mutare			

**Coverage:** In April 1997 when the sample design was developed, Zambuko had a number of branches and satellite offices (see table 3 in the previous chapter). Logistics and cost implications dictated limiting the number of geographic areas covered by the survey. After a discussion with the Executive Director of Zambuko, it was decided that the sample of clients should be from Bulawayo (excluding the new Gwanda office) and Greater Harare (i.e. Harare and Chitungwiza) since these were the established programs, with repeat clients, and the majority of clients were from these geographic areas. In addition, Mutare was included as representing Zambuko's offices in the smaller cities. Since Mutare and Bulawayo had a smaller number of clients than Harare and Chitungwiza, the design called for including an adequate number of respondents from each geographic area so that descriptive statistics could be used to analyze the resultant data.

Consideration was given to clients of the Trust Bank due to its different outreach methodology. It was decided that the Trust Bank clients in the Kuwadzana area of Harare and in Chitungwiza should be treated as a separate geographic area within Greater Harare. The design called for including at least 70 Trust Bank clients so that the data for this group could be analyzed using descriptive statistics.

**Sector of Economic Activities:** As mentioned in the previous chapter, Zambuko uses five sector classification categories. For the period from September 1, 1996 to April 30, 1997, Zambuko records showed that 44% of the loans went to the manufacturing sector and 46% to the trading sector, and the remaining loans went to the other three sectors - food, agriculture and services. It was decided to use a systematic random sampling approach since it would result in a sample that is proportional to the sectoral distribution of clients and, therefore, is representative of the sectoral distribution in each of the areas.



**Comparison Groups:** The design centers on inclusion of a non-client sample to permit a comparison of changes in the impact variables between clients and non-clients, and thus identify the impacts of Zambuko's program. A comparison of changes between the new and repeat client respondents is expected to reveal impacts that occur with extended participation in the program.

Determination of the sample size took into account the need to have sufficient statistical power to detect changes after the second survey round between the comparison groups: new clients, repeat clients and non-clients. It also had to account for the likelihood of not being able to locate some of the clients selected for the baseline study, and a further erosion in sample size due to the likelihood of not being able to locate some of the baseline respondents for the second round of the survey.

Clients who recently received new or additional loans were the sample population, due to interrelated factors. First, Zambuko prides itself on a quick turn around between time of loan application and receipt of loan, and the survey work could not interfere with normal operations of the program. Furthermore, one would risk data bias if persons were interviewed between the time of application or approval of a loan and the receipt of the loan. Second, the size of the client sample, its distribution among three geographic locations, and the limited amount of information on each client in the computerized database meant that several weeks lead time was required to develop the sampling frame, identify new and repeat borrowers (since this distinction is not part of the computerized database), draw the sample, and obtain the address of each from individual files, and then locate each client in the sample. These procedures ruled against attempting to interview clients before receipt of their loan.

## **2. Client sample selection procedure**

**Sample Frame:** To draw the sample, a printout was obtained from Zambuko Trust of all loans given for the selected offices from March 1 - June 30, 1997. These lists consisted of 2,434 clients from Bulawayo (excluding Gwanda), Mutare (including Rusape), Harare Main, Kuwadzana Trust Bank, Chitungwiza Main and Chitungwiza Trust Bank. The lists provided details on each client: name, date of loan, amount of loan, repayment period, and proposed activity. Since Zambuko's computerized MIS system does not include information on the number of loans each client has received, the loan officers reviewed the list for their office and indicated on it whether the borrower was a new or continuing (repeat) client.

Thereafter, examination of the lists showed that for new clients, the period May 1 to June 30, 1997, would provide a sufficient population for sampling, and Rusape clients were excluded from the population since Rusape as a new office did not have repeat borrowers. The total sample population of new clients was 1,281 (see table 10). There was a lower number of repeat clients than anticipated; therefore, in order to achieve a sufficient number of repeat clients the period April 1st to June 30 was selected. All repeat clients were to be included and thus the survey consisted of a census of repeat clients in the selected cities.

**Sampling Procedures:** The records on each new client were sorted by geographic area (but with a separate cluster for the Trust Bank clients), sector of economic activity stated on loan application, supervisor (an additional location variable), and date of loan. These lists constituted the sample

frame (table 10) and a systematic sample was generated using a random starting point for each geographic area. As mentioned above, all repeat clients (196) were taken into the survey sample.

**Table 10. Sample Framework\***

Location	New Clients	Repeat Clients	Total
Greater Harare	673 (52%)	96	769 (52%)
Trust Bank: Greater Harare	238 (19%)	25	263 (18%)
Bulawayo	214 (17%)	29	243 (16%)
Mutare	156 (12%)	46	202 (14%)
Total	1,281 (100%)	196	1,477 (100%)

*Source: Field Survey Data, 1997.*

\* The classification of clients into new and repeat was done by the loan officers; after the survey, an analysis shows about a 6% error in classification.

Thereafter, select members of the local team consulted the individual client files in the relevant Zambuko office to obtain the home and business addresses and past loan history. Initially six clients were eliminated from the sample since they had another household member in the sample or had been interviewed in the pre-test. In the course of locating clients at their home or business address, a number were removed from the sample because they could not be located or were out of town indefinitely. Eight had either died, were ill or were no longer in business; and 10 adamantly refused to be interviewed. In all, a total of 83 clients from the original sample were not interviewed: 46 new clients and 37 repeat clients. Because of the longer term implications of a loss of 83 clients from the baseline sample, a resampling exercise based on the original lists was carried out that resulted in 68 new clients being added to the sample; since the repeat clients constituted a census no additional clients from this category were added.

**Summary.** The sampling consisted of the following. First, a list of all loans extended between March 1 - June 30, 1997, was compiled. It consisted of 2,434 clients. Second, the loan officers designated whether those on the list were new or repeat clients. Third, the list was narrowed to cover only those receiving loans May 1 - June 30, and this result in 1,281 new clients and a much smaller number of repeat clients. Fourth, the repeat client list was expanded to cover loans given April 1 - June 30, but those receiving loans in April of less than six months duration were excluded. The resulting list contained 196 repeat clients. Fifth, a sample of 244 was randomly selected from the list 1,281 new clients. All repeat clients were included in the sample. Sixth, elimination from the sample of more than one client per household, failure to locate the individual, illness, death, closure of the business, and refusal to be interviewed led to 83 of the clients from the original sample being dropped from the study. Resampling from the original lists was undertaken to replace the new clients dropped from the sample, but since repeat clients constituted a census no additional repeat clients were added to the sample.

### 3. Non-client selection procedures

**Matching:** The design called for matching non-clients to clients on the basis of key characteristics and sampling 25% fewer non-clients than clients.<sup>9</sup> To identify those clients that would have a matched non-client, client records were sorted by geographic area, sector, supervisor and date of loan. Thereafter a one in four systematic procedure, with a random starting point in each case, designated every fourth client as not requiring a matching non-client.

To increase the randomness of the selection of microentrepreneurs for the non-client sample, a random number of one to three was assigned every member of the client sample that was to be matched. This signified the number of non-client microentrepreneurs meeting the screening criteria who had to be identified and the person who would be included in the non-client sample. For example, if a number two were assigned the client, the second non-client identified meeting the eligibility criteria and matching the client's gender and enterprise sector would be included in the non-client sample. The eligibility criteria were: a) never received credit from a formal organization for their business, b) be the sole or joint owner of an enterprise at least six months old, and c) not be employed elsewhere on a full time basis.

**Random Walk Method:** A random walk method was employed to identify microentrepreneurs who met the criteria for inclusion in the study. The walking method procedures were specified *a priori* for residential and business sites. For example, when the client's business was in a residential area, from the front of the house the interviewer turned right, went to the first road intersection, turned right and walked to the third intersection and then turned left; from there the interviewer asked a series of questions to identify who met the criteria for inclusion in the study.

**Adjustments:** During implementation, a total of 19 non-clients were interviewed for whom their corresponding clients were not ultimately available for inclusion in the study. These non-clients however were retained in the sample. In addition, 25 of the originally matched non-clients could not be found for interviewing, and five were found not suitable since they were not the true owner of the business. In each case where a rematch had to be carried out, the preceding random number screened person was designated for interview. In those cases where the random number was one, a new screening process occurred.

During the data analysis stage, a few of the clients were found to have been misclassified into the categories of new/repeat during the initial identification process by loan officers. This error was revealed through an analysis of the loan history of each client. As a result, the repeat client sample was reduced by ten persons.

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<sup>9</sup> This decision was made based on resource constraints and the desire to include a large enough sample of clients to allow for a comparison between new and repeat clients.

#### 4. Characteristics of final sample

The process described above resulted in baseline interviews with 393 clients and 298 non-clients (table 11). Fifty-nine percent of the total sample was from Greater Harare; this includes Trust Bank clients as well as their matched non-clients. In the sample, 87% of the new clients, 75% of the repeat clients, and 82% of the non-clients were women.

As anticipated, the average value of the loans to new clients was smaller than the loans received by the repeat borrowers, and the average size of the loan increased with the number of loans received (table 12). The average monetary value of the recent loan was Z\$1,793 for new client respondents and Z\$3,245 for repeat client respondents.

Approximately two-thirds of the repeat client sample are on their second loan. Among the repeat borrowers, the average value of *all* loans received to date was Z\$2,213 and on average they received their first loan 19 months prior to September 1997, when the survey data collection began.

**Table 11. Distribution of Sample of Completed Baseline Interviews**

Location	New Clients	Repeat Clients	Non-clients	Total
Greater Harare	78	68	121	267
Trust Bank: Greater Harare	60	22	61	143
Bulawayo	62	19	60	141
Mutare	44	40	56	140
Total	244	149	298	691

*Source: Field Survey Data, 1997.*

**Table 12. Average Value of Recent Loan By Client Loan Status (Z\$ and Number of Clients)**

New Clients	Repeat Clients 2nd loan	Repeat Clients 3rd loan	Repeat Clients 4th loan	Repeat Clients 5th loan
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#### B. Data Collection and Analysis Stages

##### 1. Questionnaire design

The design of the questionnaire involved a series of stages over several months. First, an initial set of hypotheses, variables and measures was drawn up by the AIMS core team which focused on measuring economic impacts at the household, enterprise and individual levels. Second, the AIMS principal investigator, Carolyn Barnes, spent two weeks in Zimbabwe carrying out open-ended questions in the three geographic areas to test if the hypotheses, variables and measures seemed to be appropriate. Concomitantly, a consultant carried out in-depth interviews on coping with financial shocks and on empowerment to identify ways that these might be covered in a questionnaire. Third, the results of the initial exploratory work in Zimbabwe, as well as the other two AIMS core impact assessment countries, led to further refinement of variables and measures by the AIMS core team. Fourth, a draft survey instrument was tested in Harare and Chitungwiza and further refined. The resulting instrument was used to train the field enumerators. The field practice during the training session led to clarifications and some refinements in the questionnaire.

The instructions included asking the client and non-client respondents the questions about their household as well as the questions on their own main, matched enterprise. If the household had more than one enterprise, the owner responded to questions about his/her enterprise. Up to three enterprises were covered in detail whereas only information on fixed assets was gathered on any additional enterprises.

## **2. Preparations for field work**

**Selection of Zimbabwe team:** The local team headed by Erica Keogh (chief researcher) included a professional collaborator, and two field supervisors. This core team had previously worked together on the Zimbabwe Poverty Assessment carried out by the Ministry of Public Service, Labor and Social Welfare, Government of Zimbabwe. For the enumerator team, they recruited 11 individuals who had demonstrated the requisite skills and discipline as enumerators on the poverty assessment survey. Each member of the Poverty Assessment field team had received six weeks of training in enumeration, including how to approach people, how to introduce oneself, and how to not bias responses. The enumeration team consisted of individuals who spoke Shona, the primary local language in Greater Harare and Mutare, and two of these people also spoke Ndebele, the local language in Bulawayo.

**Enumerator Training:** Prior to the training for the AIMS survey, enumerators were provided with copies of the questionnaires and the instructions manual which set out the objectives of the study, presented a summary of best practices for conducting interviews, explained each question and provided a list of common activities by sector classification. The first two days of training that began August 25, 1997, consisted of explaining the purpose and meaning of each question, discussing the Shona translation of each question, and role playing. Later, enumerators worked in pairs and did mock interviews, supervised by members of the core team. Also, enumerators practiced how to introduce the study and themselves, and reviewed methods and best practices for conducting interviews.

On the third day, the field supervisors and AIMS principal investigator took the enumerators to a high density area not penetrated by the Zambuko program to practice administering the enterprise questionnaire. The next day, the team discussed the experience and specific questions and interview techniques. Day five was spent administering both the household and enterprise questionnaires in the test site. Three additional days were spent in the office clarifying interview techniques and definitions of terms used in the questionnaires. These feedback sessions led to refining a few questions and the instructions manual. Near the end of the training, a test was administered to assess the capability of each enumerator and to identify potentially weak areas and individuals.

During the initial days of implementing the survey, training continued. It focused on clarification of issues and addressing specific questions arising from the field experience. After three weeks of data collection in Harare and Chitungwiza, the Bulawayo sub-team spent two days in preparation for their work in southern Zimbabwe. This included translation of the questionnaire into Ndebele and practice sessions.

### **3. Data collection**

The field work began September 8 and continued with the whole team working in Harare and Chitungwiza until September 21. At that time a sub-team broke off for work in Bulawayo and then Mutare. Part of the team continued interviewing in Harare and Bulawayo until November 22. Thereafter, a small team was used to follow-up on hard-to-find clients and subsequently interview additional people added to the sample. While the three-month spread was less than ideal, the client and his/her matched non-client were normally interviewed in the same time period so that the results were not skewed by monthly variations.

In each of the three geographic areas the daily pattern was similar. Each morning before moving out to the field, the whole field team met and reviewed the interviews held the previous day. Enumerators gave their completed questionnaires to team leaders for checking and particular issues were discussed. Each questionnaire was thoroughly checked within 24 hours of the interview. Throughout the day in the field, each team leader transported members of her team from interview to interview and thus was able to keep a close watch on progress and problems. Once every two weeks, the entire field team met in the office for a day of revision and sharing of experiences.

In addition, each team leader conducted follow-up interviews with approximately 10% of the respondents interviewed in order to check for data quality and consistency. The follow-up interviews were facilitated by each team member carrying a picture identification card with the name of the survey and survey team. The team leaders followed up on interviews done by all enumerators but, especially in the first few weeks did more follow ups on interviews conducted by enumerators appearing to have difficulty. Follow-ups were designed to cover all areas within each city and randomly selected for each enumerator. They took the form of the supervisor returning to the respondent within 24 hours of the interview, with the completed questionnaire. Additional probing was done with respect to select household assets owned and the top three products sold last month in order to validate the information recorded. When differences appeared, the supervisor then consulted with the enumerator, conclusions were reached, and the questionnaire amended if necessary. This process showed in the early stages of data collection that all but one of the enumerators was completely reliable and understood the meaning of the questions. Thereafter, all of this person's interviews were checked until the supervisor and team leader were satisfied that he was performing to standard.

While difficulties were encountered with specific questions, many of these were rectified through the training and supervision process explained above. In other cases, respondents clearly did not know the answer. The primary difficulty centered on locating clients and matched non-clients. This problem was particularly evident among those operating in market centers. Three to four call-backs were made prior to eliminating an individual from the interview list.

### **4. Data entry, cleaning and analysis**

Once team leaders had reviewed the completed questionnaires, the questionnaires were passed to the chief researcher for checking and providing key identification codes. Thereafter, the questionnaires were given to data entry operators. Two individuals entered the data from each questionnaire independently, using a prepared format in Epi Info Version 6.

Once the double data entry was completed, the data files were exported to SAS (version 6.04) and a comparison of files was made for validation purposes. Inconsistencies between the two files were printed out and the chief researcher then consulted the original questionnaires for resolving the problems. Thereafter the data were cleaned. During this process, information on the amount paid last term for school fees was reviewed and standard fees for the area added when the data were missing. Cleaning also involved making sure that enterprise assets were not included in the list of items under the question about household assets purchased the previous 24 months; when an enterprise asset was misrecorded here, the question on recent purchases for the enterprise was reviewed to check whether the information was also recorded there, and when missing added in the appropriate spot.

The resultant files were sent to Management Systems International and initial data analysis was carried out to identify questions which provided insightful data and those that seemed to yield poor or questionable data. Thereafter, further analysis was done.

## **IV. FINDINGS AND ANALYSIS**

### **A. Introduction**

This section presents and analyzes the baseline findings.<sup>10</sup> It addresses the key question: what are the similarities and differences between the new clients of Zambuko, its repeat clients, and non-client microentrepreneurs? The data from repeat and new clients are analyzed separately to provide a better understanding of the similarities and differences between the two client groups and the extent to which the new clients are similar to microentrepreneurs in their community who have not received microenterprise credit but meet basic eligibility criteria. Where appropriate, the Trust Bank respondents are compared with the other client respondents to determine if the Trust Bank reaches microentrepreneurs who are poorer than those accessing Zambuko's other loan products. Also, on key factors geographic differences are highlighted.

The discussion centers on households' resources, income-generating activities, levels of income, and expenditure patterns; respondents' microenterprises; and empowerment of female microentrepreneurs. Where appropriate, the findings were subjected to statistical tests to determine if the distribution found between new/repeat/non-client respondents is statistically significant. The tests indicate whether or not the differences are a significant departure from chance expectation. Any differences that are significant at a .05 or smaller level of significance are reported as "significant" or "statistically significant".

Data are not available on the repeat clients prior to their joining the Zambuko program, therefore differences between the repeat clients and others on key impact variables only suggest areas of impact. The AIMS case studies of select repeat clients will identify changes that occurred between the period immediately prior to first becoming a client and the baseline period and reasons for these changes in order to identify impacts of the program prior to the baseline survey. The information will be used to illuminate the survey findings. Information from the follow-up survey will permit identification of changes that have occurred between the two survey rounds. A comparison of the changes from the first to the second round of the survey between the client and non-client samples will be used to identify the impacts of participation in Zambuko on clients, their enterprises and households.

### **B. Household Resources**

A household's resource base consists of its human and physical assets. Demographic data provide a foundation for understanding differences and similarities in the human resource base of households. Household size and the economic dependency ratio as well as the respondent's age, marital status and number of years of education are factors which may influence participation in Zambuko's program, and the impacts of participation. Education of youth within the household indicates development of the human resource capacity of household members, and this relates to enhancing members' income-earning potential.

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<sup>10</sup> The unweighted data refer specifically to the respondents but for presentation purposes the term respondents is often omitted.



The physical resource base of a household represents its stock of wealth and indicates its standard of living and level of wealth/poverty. Housing and consumer durables are significant elements of this physical resource base. Housing owned normally appreciates in value, and can be sold to generate needed income. Whether a household owns or rents its housing, the household can use its housing resources to generate income through rental of rooms and home-based enterprises.

## 1. Human resources

**Characteristics of Respondents and their Households.** Respondents were on average 37 to 41 years old, with 7 to 8 years of education, and most were married (table 13). They tend to live in households with 5 to 6 members, two of whom are economically active. Approximately 40% of the household members are economically active. Among the unmarried respondents, approximately half are widows and the approximately 40-50% of the household members are economically active (A.I.3 and 4) The key characteristics of Trust Bank respondents were similar to other clients (A.I.5).

**Table 13. Key Characteristics of Respondents and Their Households**

Key Characteristic	New Clients	Repeat Clients	Non-clients	Level of Statistical Significance
Age	37	41	37	ANOVA p=.001
Education (years)	7.8	8.3	7.3	ANOVA p=.005
Married Single/Divorced/ Separated/Widowed	75% 25%	72% 28%	72% 28%	N.S.
Household Size	5.6	6.0	5.1	ANOVA p=.003
Household Economic Dependency Ratio	.40	.43	.44	N.S.
Household Members Economically Active	1.9	2.3	2.0	ANOVA p= .001

Source: Field Survey Data, 1997.

There are statistically significant differences, however, between the comparison groups. The repeat clients are significantly older and tend to have more years of education than the new client and non-client respondents. On average, repeat client households had the most members and the non-client households the fewest. The average number of economically active household members differs significantly, with averages being the highest in repeat client households and lowest in new client households; however, the household economic dependency ratio (i.e. the ratio of economically active members to total household members) does not differ significantly between the comparison groups.

**Education of Children.** Education is highly valued by Zimbabweans. Among respondent households with children aged 6 to 16, almost everyone sends all of the boys and girls in their household to school (table 14).<sup>11</sup> However, when children in a higher age bracket are taken into account, the data reveal lower enrollment rates. In households with girls and boys aged 6 to 21, a higher proportion of the new client and non-client households than repeat client households have all its members in this age group in school.

**Table 14. Children Attending School**

Key Characteristic	New Clients	Repeat Clients	Non-clients
Households with All Boys Aged 6-16 in School	94	90	95
Households with All Girls Aged 6-16 in School	93	89	91
Households with All Boys Aged 6-21 in School	71	61	70
Households with All Girls Aged 6-21 in School	69	60	66

*Source: Field Survey Data, 1997.*

The data reveal a pattern of repeat client households being less likely than others to send all of the boys and girls in their household to school, regardless of age group. Since those in the higher age groups who do not do well enough on their secondary school tests to advance through the formal educational system are usually accepted into post-secondary school training programs, the lower attendance rates cannot be attributed solely to academic ability. Financial priorities and opportunities are probably the main factors contributing to the lower enrollment rates.

## 2. Physical resources

**Housing Tenure.** Like people world-wide, Zimbabweans place a high value on owning a home. After independence, those living in city council houses and apartments were able to purchase the place where they resided, often under a rent-to-buy arrangement. Hence, ownership of these residences is less a reflection of income than being well-situated to take advantage of the change in housing tenure. In addition, new high-density suburbs sprang up to meet the demand for housing and these were based on 3-4 room houses with room for expansion. More recent high density schemes are often based on two-room houses. Nevertheless, the demand for affordable housing still exceeds the supply, so renting is common. A household may rent a room in a house or rent a room in a separate unit at the back of the house. A room in a separate rental unit normally has no electrical outlets, but is wired to provide a single light bulb; and the household shares access to a bathroom and piped water. Virtually all main houses have electricity, indoor piped water and toilet facilities, and almost all are situated on a paved road.

Approximately one-third of the households in each comparison group own the place where they reside, and at least one-quarter of the households in each group are purchasing the place where they

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<sup>11</sup> The baseline survey attempted to obtain information on the amount paid on school expenditures during the term prior to the survey and the source of the funds, but respondents often did not know the amount spent. This was sometimes the result of assistance from outside the household, including fees paid by the Social Development Fund for children of very poor households.

live through monthly installments (i.e. rent-to-buy arrangements) (table 15). A higher proportion of the non-clients and new clients than repeat clients reside in rented rooms or live in a rental unit (normally one room). Among Trust Bank respondents, the households of the new clients are more likely than those of the repeat clients to live in rented rooms or a rental unit. Nevertheless, 60% of the households of the Trust Bank respondents either own or are purchasing their residence (A.I.5).

**Table 15. Housing Tenure (percentage of households)**

Tenure Status	New Clients	Repeat Clients	Non-clients
Own	31	34	31
Rent- to-Buy	22	30	22
Rent Whole House	12	14	7
Lodger in House or Rental Unit	30	16	33
Other Arrangement	5	6	7

*Source: Field Survey Data, 1997.*

Housing tenure varies by geographic area (A.I.7). Ownership of houses is extremely rare among respondents who reside in Mutare, whereas over half of the Bulawayo respondents in each comparison group own their home. At the same time, rent to buy is more common in Mutare and Greater Harare than in Bulawayo.

Although microentrepreneurs are often characterized in the media as a transient population, the data do not confirm this assertion. Among the respondents, 65% of the new clients, 84% of the repeat clients and 69% of the non-clients have resided at their current address for more than 24 months. This pattern tends to mirror the proportion who either own or are buying their residence. A closer examination shows that approximately three-fourths of the respondents in Bulawayo and Trust Bank clients have lived at their current residence for more than two years, compared with roughly two-thirds of the respondents in Greater Harare<sup>12</sup> and Mutare (A.I.8).

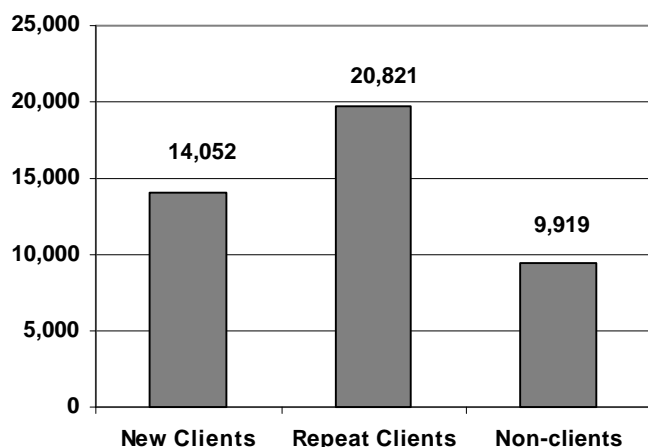
**Ownership of Consumer Durables.** Consumer durables indicate the living standard of households. Information was gathered on a basket of household consumer durables, that consisted of various types of appliances, electronic equipment and transport, excluding the items they mentioned in an open-ended question about purchasing in the 24 months prior to the survey (A.I.9). Almost all of the respondent households possessed either a hotplate or stove. But, a significantly higher proportion of the repeat client households than households in the other comparison groups possessed refrigerators, electric fans, and motor bikes or vehicles; nevertheless, these items are not widely found in respondent households. Only 48% of the repeat client households, 34% of the new client households and 31% of the non-client respondent households owned a refrigerator. Color televisions are owned by 20% or less of the households in each of the comparison groups. Less than 13% of each group own vehicles or motor bikes. No major differences were found between Trust Bank respondents and other client respondents in the ownership of color televisions, refrigerators, electric fans, bicycles and motor bikes or vehicles (A.I.10).

**Value of Select Household Assets.** In order to obtain an *indicator* of the household's wealth level, data were aggregated from three questions: estimates of the value of household consumer durables purchased in the past 24 months, the estimated value of other appliances, electronic equipment and transport owned by the household, and the value of the fixed assets in all of the household's

<sup>12</sup> Excludes the Trust Bank clients and their matching non-clients.

enterprises.<sup>13</sup> Since respondents had difficulty estimating the value of each asset, the data should be regarded as indicative of a pattern rather than reflecting the real value of the items owned by these households.

**Figure 1. Average Estimated Value of Select Household Assets (Z\$)<sup>1</sup>**



<sup>1</sup> Level of Statistical Significance ANOVA:  $p=.000$

The results show that on average the repeat client households have a significantly higher value asset base than the new client and non-client households (figure 1). The averages, however, are influenced by a small proportion of the clients in the higher value asset range. Approximately half of the new clients and the non-clients, compared with one-quarter of the repeat clients, had select household assets with an estimated value of less than Z\$5,000. When the averages for the three asset categories are analyzed separately, the data reveal that the largest difference between the repeat clients and the other comparison groups occurs in the value of all of the households' enterprise assets. The average current value for all enterprise assets is Z\$8,006 for repeat clients, but only

Z\$3,538 for new clients and Z\$2,265 for non-clients.<sup>14</sup>

A comparison of Trust Bank clients with the non-client respondents reveals that the average value of all enterprise assets owned by the households of repeat Trust Bank clients is approximately Z\$1,300 higher than for the non-clients sample, while the average value for the new Trust Bank clients is Z\$477 less than that of the non-clients. When the Trust Bank clients are compared with the other clients, the new Trust Bank clients have much lower averages in each of the three categories than do other new clients (table 16). The largest difference between Trust Bank clients and other clients occurs in the average value of fixed assets in all of the households' enterprises. These findings help to confirm that the Trust Bank indeed reaches women from households that are poorer than those of clients who acquire Zambuko's individual or group loan products.

<sup>13</sup> The pilot test revealed that it was difficult to obtain even general estimates on the value of houses owned and being purchased, so this important asset is not included in the estimates.

<sup>14</sup> ANOVA:  $p=.000$ .

**Table 16. Comparison of Trust Bank Clients and Other Respondents: Average Value of Assets (Z\$)**

	TRUST BANK		OTHER CLIENTS		NON-CLIENTS
	New	Repeat	New	Repeat	
Value of Household Consumer Durables, Excluding Those Purchased the Past 24 Months	4,197	8,871	9,332	9,064	5,582
Value of Household Consumer Durables Purchased the Past 24 Months	3,417	7,097	5,394	6,408	4,574
Value of Fixed Assets in All of the Households' Enterprises	1,511	2,267	3,958	6,947	2,265

*Source: Field Survey Data, 1997.*

### **3. Discussion**

The household resource base tends to vary between the three comparison groups. In contrast to new clients and non-clients, repeat clients tend to be older, have more years of education, have a larger sized household, have more economically active household members, and either own or are purchasing their residence. Also, a larger proportion of repeat client households than those in the comparison groups own select consumer durables, and the average estimated value of select household assets is highest for repeat client households. The household resource base of new clients often tends to resemble that of non-clients more than that of repeat clients.

The baseline data tend to confirm that the Trust Bank reaches poorer households than those served by Zambuko's other loan products. The new Trust Bank client households have on average a lower value asset base than the other new clients as well as the non-clients. In comparison, the repeat Trust Bank respondents tend to have a higher asset base than any of the new clients and the non-clients. This finding suggests the following: 1) continued participation in the program adds to the resource base of Trust Bank client households, 2) those who continue in the program started from a higher asset base, or 3) a combination of these factors. The AIMS qualitative case studies of select Trust Bank clients and the analysis of changes between the two survey rounds are expected to provide a better understanding of why the Trust Bank and other repeat clients differed from the other respondents during the baseline period.

The respondents in this study differ from those in the third nationwide survey of micro and small enterprises (MSEs). The latter found the following characteristics among the proprietors in manufacturing, commerce and services: 58% were women, over 80% were married and the median level of education was some secondary school. The differences between the respondents in these two surveys are probably attributable to this survey containing a higher proportion of women since Zambuko targets women as its main clients. Women in Zimbabwe generally have less education than men and are more likely to be unmarried than men in their age group (Central Statistics Office, 1995).

## C. Household Income-Generating Activities and Level of Income

### 1. Income generating activities

Households have a variety of ways of earning an income: microenterprises, salaried or wage employment, rental property, and casual labor. A household's total income may be spread across a number of activities or be largely dependent upon one source. Wage or salaried employment and rental income tend to represent steady streams of income. In contrast, the flow of income from microenterprises usually fluctuates within a month, with the highest volume of sales occurring in the week after payday for wage/salaried workers, and from month to month. For most microentrepreneurs, November and December tend to be their high sales months due to buying for Christmas and New Year celebrations. The aftermath of the holiday expenditures and the paying of educational expenditures cause January and February to be the months with the lowest sales volume for most microentrepreneurs.

**Sources of Household Income.** In general, respondent households had two or three sources of income, and the repeat client households tended to have a higher average number of income sources than the other households (table 17). In addition to income from microenterprises, approximately 23 to 33% of the households in each respondent group have one or more of its members engaged in salaried or wage employment. A greater proportion of the non-client households than client households obtained income from rental of rooms or houses.

Since households renting or owning a house often rent out rooms, respondents were asked about the number of rooms they rent out (table 18). Non-clients differ significantly from clients in that the average number of rooms they rent out is higher. This suggests that households of the non-client respondents are more reliant on rental income than households of the client respondents.

**Table 17. Sources of Household Income**

	New Clients	Repeat Clients	Non-clients
Income Sources (number)	2.2	2.5	2.1
Percentage of Households with:			
One Enterprise	79	64	84
Two Enterprises	18	29	13
Three or More Enterprises	3	7	3
Households with Salaried/Wage Employment (percentage)	33	28	23
Households with Income from Renting Rooms/Houses (percentage)	44	44	53

Source: Field Survey Data, 1997.

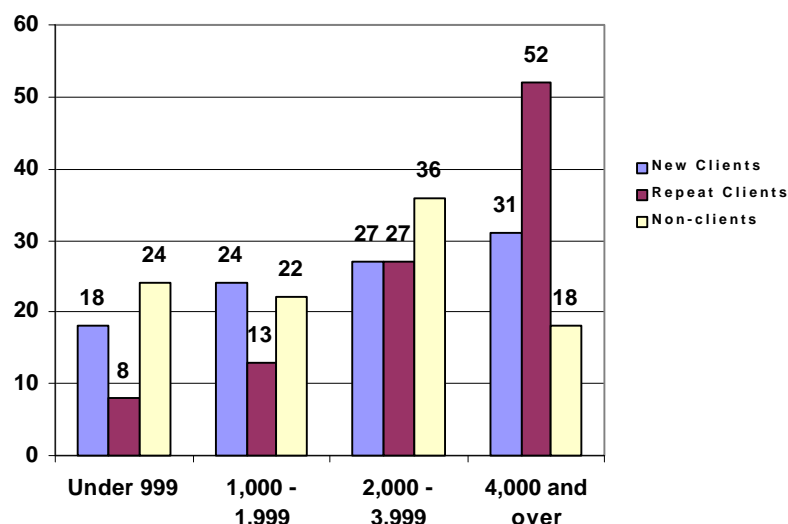
**Table 18. Number of Rooms Household Rents Out**

	New Clients	Repeat Clients	Non-clients	Level of Statistical Significance
Number Rooms Rented Out	.86	1.1	1.28	ANOVA p=.054

## 2. Income levels

Estimates were obtained on the level of household income in the previous month to indicate the relative level of income between respondent groups. These data take into account cash income from all sources. The results reveal on average the highest per capita monthly income among repeat client households (Z\$1,261) and the lowest among new client (Z\$798) households, with non-client household averages (Z\$867) being close to averages for the new clients.<sup>15</sup> The distribution of estimated monthly income, however, shows nearly half of the households of new clients and non-clients compared with approximately one-fifth of the repeat client households with monthly income of less than Z\$2,000 (figure 2).<sup>16</sup>

**Figure 2. Distribution of Estimated Monthly Household Income (Z\$)**



## 3. Discussion

The data reveal that the households of new clients have a lower estimated per capita monthly income than those of the non-clients; this indicates that Zambuko reaches low income households. While the data clearly show differences in per capita income levels among the baseline respondent groups, one would like to be able to place these groups within the larger national context to determine the extent to which Zambuko's clients are poor. Zimbabwe's 1995 Poverty Assessment Study Survey (1996) uses a per person per annum food poverty line for urban areas of Z\$1,511 and a per person per annum total consumption poverty line for urban areas of Z\$2,555. Even when inflation is taken into account, use of these poverty lines indicate that the baseline respondents are above the poverty line utilized in the Poverty Assessment. Also, when the baseline data are compared with the poverty line developed by Mundy (1995) and adjusted for inflation, the findings also suggests that the baseline respondents are above the poverty line. However, two things should be noted in regard to per capita income and poverty lines. First, the baseline survey focused on income data whereas poverty lines are based on expenditure data; the latter are considered to be more reliable than the former. Second, new poverty lines are being developed based on the results of the Poverty Assessment.

<sup>15</sup> ANOVA:  $p = .033$ .

<sup>16</sup> A comparison of the Trust Bank clients with other clients suggests that the former have significantly lower average per capita monthly income. However, since only about 60% of Trust Bank clients responded to the appropriate questions, the data are only suggestive.

Besides income data, the AIMS baseline survey obtained a number of other indicators of household wealth/poverty, such as the value of the basket of household assets, and ownership of key consumer durables and houses. An analysis of these other indicators helps to build a portrait of wealth/poverty among the respondents. However, since there are no studies covering urban areas for a comparable time frame which use similar indicators, it is not possible to compare the study respondents *vis a vis* the larger population in the same or all urban centers.

## **D. Uses of Loan Funds and Income**

Loans provide borrowers monies to complement funds from their normal sources. When invested in an income-generating activity, the result may be an increase in sales revenue; however, loans carry interest charges and other transaction costs that must be met. Loan funds may permit reallocation of household income away from the enterprise for other income-generation activities or non-productive purposes.

Patterns of food consumption reflect allocation of income for consumption, especially since almost all of the food consumed by these respondents' households is purchased.<sup>17</sup> Income may be invested to enhance the resource base of the household, through improvements in housing and purchase of consumer durables. It may also be used to assist extended family members, non-resident nuclear family members, friends and neighbors, and thus strengthen social networks.

### **1. Use of loan funds**

Client respondents reported using loan funds on their enterprises, usually to purchase stock, materials or supplies for their enterprise. On average clients spent 80% of the recent loan funds on enterprise raw materials, inventory or fixed assets. Less than 10% of the respondents reported having purchased an enterprise fixed asset with their most recent loan (A.I.17). The most common secondary use, reported by approximately 15% of the clients, was saving some of the funds; this was usually done to ensure their ability to make initial loan installment payments. Some of the other secondary uses were unrelated to microenterprises, but almost always involved a small amount of monies.

When asked what they would have done if they had not obtained a loan from Zambuko, 60% of the new clients compared to 58% the repeat clients reported that they would have continued with their normal pattern; this means that they would continue replenishing and adding stock and materials at their normal levels. Approximately 17% specified that they would have used their savings, and 14% said that they would have borrowed from another source to make these additional purchases. Others reported that they would have delayed in making the expenditures, indicating that they would have reverted to saving to enable them to make the same level of expenditure.

The responses suggest that for the majority of respondents the Zambuko loan funds provided them the opportunity to make additional purchases in order to generate a higher level of enterprise sales

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<sup>17</sup> The exploratory interviews revealed that the urban microentrepreneurs seldom obtained any sizable quantities of food from rural extended household members or from land which the household had rights to, and an insignificant number of households grow crops on public land. Small vegetable gardens around the house are common, but they meet very little of the households' demand for vegetables.



revenue, and that these expenditures would not have occurred without access to the loans. For these borrowers, the impacts expected to be identified in the follow-on to this baseline survey would not have occurred without participation in the Zambuko program. In regard to those who stated that they would have delayed in making the expenditures, it may be argued that access to Zambuko loans reduced the time it took the clients to achieve the positive changes that are identified in the follow-on survey.

## **2. Main uses of enterprise revenue**

Respondents ranked the top three uses of their enterprise revenue. In descending order, the most common responses were food, the enterprise and household bills. Among those citing food as one of the most important uses were 59% of each client group and 75% of the non-clients. Use within the enterprise was reported by 70% of the repeat clients but only 59% of the new clients and 58% of the non-clients. Payment of household bills was cited more often by non-clients (24%) and new clients (21%) than repeat clients (12%). Three-fourths of each comparison group reported that their enterprise revenue was essential for meeting household basic expenditures in the month prior to the survey (A.I.20). The findings suggest that repeat clients are more likely to devote a larger proportion of the revenue for their business activities.

## **3. Food consumption**

Food is an important component of any household budget. Respondents were asked the number of times in the 7 days prior to the survey that certain basic food items (i.e. vegetables, meat, dried fish, milk<sup>18</sup> and eggs) were consumed in the household. Maize meal, the staple carbohydrate in the diet, was not included since almost all black Zimbabwean households consume it on a daily basis. Over 95% of each respondent group reported that vegetables and meat or poultry were consumed the previous week. Meat or poultry was reported to have been eaten four or more times by over half of the respondents in each comparison group. Slightly less than half reported eating dried fish during the previous 7 days and this was usually consumed 1-3 days. While the frequency of meat or poultry consumption appears relatively high, earlier studies have observed that as meat prices have risen households have adjusted by purchasing smaller amounts and lower priced cuts of meat rather than eliminating it from their diet (Brand et al., 1992; Bijlmakers et al., 1995).

Over two-thirds of each respondent group reported eggs being eaten at least once during the previous 7 days and a slightly lower proportion in each group consumed milk at least once during this period. The results indicate dietary diversity, with households normally consuming protein-rich food (meat, poultry, dried fish, eggs) and vitamin-rich food (vegetables). However, the frequency of consumption was limited: no more than 20% of the respondent households consumed at least three of the five items four or more times a week. This suggests either a limitation on the amount of money available or allocated for food rather than dietary preference.

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<sup>18</sup> This excluded only using milk in tea or coffee.

When the frequency of consumption among Trust Bank households was compared with that of other client households, statistically significant differences were apparent (A.I.28). Trust Bank households consumed eggs, milk and meat or poultry less frequently than other client households.<sup>19</sup>

#### **4. Household investments and assistance to others**

**Purchase of Consumer Durables.** Purchase of consumer durables indicates the availability of discretionary funds for extraordinary purchases. Respondents were asked about the consumer durables purchased by household members in the 24 months prior to the survey. Households of 56% of the new clients, 62% of the repeat clients and 49% of the non-clients acquired consumer durables during the period. Appliances, such as cassette players and radios, and furniture were the most commonly purchased items. The average estimated value of the purchases varied between the comparison groups: Z\$6,513 for repeat client households, Z\$4,896 for new client households and Z\$4,574 for non-client households. While the new Trust Bank respondents reported on average almost Z\$2,000 less in expenditure than other new clients, the repeat Trust Bank clients reported more in expenditure than the other repeat clients (table 16). The funds to buy these items normally came from savings and earnings. A very small proportion were able to buy items on a rent-to-own arrangement (A.I.19).

**Investment in Housing Improvements.** Since housing is an important resource, attention was given to respondent households that either own or are purchasing their residence. Approximately one-third of them had invested in housing improvements in the 12 months prior to the survey. Among the clients, about equal proportions improved existing rooms, installed utilities (including telephone deposits) and either added a room to an existing house or constructed a separate rental unit. The most common investment by non-client households was addition of a room to the existing house or a separate rental unit, followed by work on existing rooms, and then utilities. Of those making housing improvements, the average amount of money spent was highest among new clients (Z\$11,138) and lowest for repeat clients (Z\$4,912), whose expenditures were closest to the non-client average (Z\$6,788). Thus, while repeat clients were more likely than others to make improvements, the amount spent tended to be less. Almost all respondents reported that the funds for the improvements came from savings or earnings of the household. In addition, 11% of the respondent households had bought some building materials during the 12 months prior to the survey which had not yet been used.

**Assistance to Others.** Assisting relatives and friends is part of traditional culture in Zimbabwe, and a way to strengthen social ties and meet obligations. Gifts in cash or in-kind for funerals is an enduring part of this culture of giving.

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<sup>19</sup> When comparing whether the following items were consumed within the household not at all, 1-3 days or 4-7 days during the seven days prior to the interview, statistically significant differences were apparent with Trust Bank households consuming the following items less frequently than other client households: meat/poultry chi-square @ .035, eggs chi-square @ .009 and milk chi-square @ .049.

**Table 19. Respondent Households Providing Cash and In-Kind Assistance to Others Last Month**

	New Clients	Repeat Clients	Non-clients
Households Providing Assistance to Others* (percentage)	76%	84%	70%
Of These, Percentage of Households Assisting:			
Family/Extended Family	97%	94%	93%
Friends/Others	6%	7%	9%
For Funerals	29%	41%	31%
Value of Money Spent on			
Family/Extended Family	Z\$355	Z\$411	Z\$303
Friends/Others	Z\$ 68	Z\$149	Z\$ 83
Funerals	Z\$488	Z\$488	Z\$801

Source: Field Survey Data, 1996.

\*A chi-square test at the .008 level indicates statistically significant differences between the comparison groups on this variable. Tests did not reveal statistically significant differences on the other data presented in this table.

Assistance to non-household members was provided by a higher proportion of repeat client households than households in the other comparison groups, and Trust Bank clients compared with other clients were significantly less likely to provide assistance (A.I.37).<sup>20</sup> The most common beneficiaries of assistance were family/extended family members (table 19). When assistance for funerals is considered as a special category, the average amount spent was higher for funerals than other reasons for assistance to either family/extended family or friends/others. Furthermore, approximately one-third of the households assisting non-household members the previous month (or 25% of the total sample) provided cash or in-kind assistance related to funerals.

This finding and the one below on coping with financial shocks, are linked to the high death rate directly and indirectly attributable to AIDS and the high HIV infection rates. Approximately 25% of the adult population is HIV infected and 1998 official figures indicate that 100 people are dying from AIDS every day in Zimbabwe.

## 5. Coping with financial shocks

Financial crises are common among respondent households, especially the repeat client households. Sixty percent of the respondents reported at least one household financial shock in the 24 months prior to the survey. Serious illness and death of a household member were frequently cited as the most financially damaging shocks. The next most commonly reported financial crisis centered on meeting financial obligations, such as school fees, debts and commitments to extended family members. Households normally coped with their most financially damaging crisis by using savings or current earnings, often supplemented by gifts or non-interest bearing loans (A.I.36). Reducing expenditures is also a strategy employed in combination with others. Selling of assets was only reported by two new clients, which suggests that in general the shocks have not been so severe that the households are unable to meet them through existing income flows, savings and/or their assistance network. Seven clients specifically stated that obtaining a loan from Zambuko was part of their coping strategy.

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<sup>20</sup> A comparison of the percentage of Trust Bank and other clients that provided assistance in the last three months showed a statistically significant difference at chi-square @.001 level.

## **6. Savings**

Respondents normally have savings accounts with formal financial institutions. The typical pattern is to have at least one individual savings account, although some will also have a joint account with their spouse. Most common are building society savings accounts and post office savings accounts. For both types of accounts the most often mentioned intended use is household followed by business (A.I.37).

Besides formal savings accounts, several respondents save in informal ways. Approximately 42% of all respondents belong to a rotating savings and credit association, 13% belong to a burial society and 7% belong to a savings club.

## **7. Discussion**

The data suggest that most of the households of clients as well as non-clients have some discretionary income above meeting basic, monthly household expenditures largely as a result of frugal management. Information on use of loan funds reveals that two-thirds of the clients would not otherwise have made such expenditures and/or spent that amount of money. For most respondents their enterprise revenue is essential for meeting the household's basic needs, in particular for food and recurrent bills.

The households tend to eat vegetables daily and meat or poultry four or more times a week, but eggs and milk are consumed less often, which is most likely due to cost rather than food preference. Approximately half of the respondents reported the purchase of a consumer durable by their household in the 24 months prior to the survey. Households of new and repeat clients were more likely than non-client households to have made such a purchase. Approximately one-third of the respondent households who own or are purchasing their residence had invested in housing improvements in the 12 months prior to the survey. Although households of repeat clients were more likely than others to have purchased consumer durables and improved their house, on average the amount spent was highest among the new client households, and non-client households averaged higher amounts spent on housing improvements than did the repeat client households. The latter is most likely linked to the tendency of non-client households to rent out rooms.

The data on cash and in-kind assistance to non-household members suggest that meeting financial obligations and responsibilities to others is considered by many as a basic household expenditure. That is, among the limited amount of income available some is allocated to assisting others, especially in times of death, rather than buying higher priced food items for family consumption and accumulating funds for investments in consumer durables and housing improvements. Assistance to non-household members may be considered as part of a household's economic strategy. But, it is important to note that this assistance is not always given with the expectation that the receiver will return the favor when the giver is in need, particularly since many of the family/extended family beneficiaries are much poorer than the giver. Instead, there is a general hope that the giver will receive help from others (generally unspecified persons) when in need. Information about this may be gleaned from the forthcoming case studies.

The findings on coping with financial shocks the past 24 months suggest that most of the respondents' households are adept at managing their income. Most were able to cope by using their savings or

earnings, often combined with other strategies. Social networks assisted a small proportion to meet their financial crisis. The reader should recall that the 24 months prior to the survey did not cover any periods of drought, but the inflation rate was approximately 20% per annum.

Information from questions about assistance to others and on the reasons for financial shocks reveal that illness and death are the reasons for most of the large expenditures. Although the causes of these were not investigated, the findings suggest that the economic burden of HIV infections and AIDS. HIV/AIDS impacts on the amount of funds households have to invest in their income-generating activities and meet other household needs, the number of household income earners, and the ability of clients to repay loans. The latter was a motivating factor among Trust Bank groups in Greater Harare establishing their own assistance fund, as described in chapter II. B above. The case studies and second round of the survey shall explore further the linkage between HIV/AIDS and the impacts of Zambuko's program.

## E. Respondents' Microenterprise Activities

The following information focuses on the main microenterprise activity of clients and the matched enterprise of non-client respondents. For approximately 80% of the respondents, this is their only enterprise, whereas almost 20% own a second enterprise and 3% own more than two enterprises. An enterprise was classified as all income-generating activities operating at the same time and from the same location. The sector classification was based on the items which generated the most revenue the previous two months. Since the production and sales locations may differ, the location of the enterprise was defined by its main activities: the main sales location for traders and restaurants; the main production site for manufacturers, caterers and bakers, and agricultural producers; and the base of operation for service providers.

### 1. Basic characteristics

**Sector of Activities.** Most of the respondents are engaged in manufacturing and trade (table 20). The manufacturing activities center primarily on knitting, sewing, crocheting or tailoring. Common business activities in the trading sector are selling vegetables, fruits, and used clothes, and operating a kiosk.<sup>21</sup> Activities in the services sector range from electrical repairs to shoe repairs, while poultry production is the most common activity in the agricultural sector. Since non-client respondents were matched with clients according to sector of activity, their distribution is similar to that of the client respondents.<sup>22</sup>

**Table 20. Sector Distribution of Respondents' Main Enterprises (percentage)**

	New Clients	Repeat Clients	Non-clients
Manufacturing	49	56	48
Trade	44	35	44
Services	4	4	4
Agriculture	3	4	3
Food*	1	1	1
Total	100	100	100

Source: Field Survey Data, 1997.

\* This refers to restaurants and catering.

<sup>21</sup> In Zimbabwe kiosks are called tuck shops.

<sup>22</sup> As noted in the methodology section, when non-clients were interviewed but later their match was unavailable, the former were retained in the sample.

In comparison, the third nationwide survey of MSEs in manufacturing, commerce and services found the following sectoral distribution: 42% in manufacturing including 5% in food and beverage processing, 45% in trade including .6% with restaurants, bars or hotels, and 4% in services. The small proportion of AIMS survey respondents in the food-related category is primarily attributable to the urban base of the respondents, since regulations governing the food sector and beer brewing are enforced in the urban areas and maize and flour mills are unnecessary. In contrast, milling and brewing account for 3.9% of the food and beverage processing enterprises enumerated in the nationwide survey.

**Location.** The third nationwide survey of MSEs found that two-thirds of the manufacturing, commercial and service enterprises were home-based. Likewise, the majority of the AIMS respondents' microenterprises are home-based: 68% of the new clients, 72% of the repeat clients and 62% of the non-clients enterprises. These enterprises are operated from inside or outside the house. For example, knitting and sewing often take place inside the home, while kiosks and carpentry workshops operate from semi-permanent or permanent structures on residential land. Vending tables are located in front of the house adjacent to the street. When the geographic area is taken into account, there is little difference between Greater Harare, Bulawayo and Mutare in the tendency to have home-based enterprises. Due to the high proportion of home-based enterprises, most are conducted in a permanent, standard building of brick or cement

Other enterprises are not home-based but located in trading centers or market facilities in residential areas. Only 4% of all respondents had businesses in the main city center. A relatively significant proportion of new clients (17%) and non-clients (16%), compared with 3% of the repeat clients, classified their main enterprise location as out of the city where they reside. This includes those residing in Chitungwiza but working in Harare as well as those who primarily sell in rural areas.

**Age of Enterprise.** Most of the respondents have been engaged in their microenterprise activity for a number of years. The average age of the enterprise, however, differs significantly between comparison groups: 6 years for new clients, 7 years for non-clients and almost 8 years for repeat clients.<sup>23</sup>

**Operational Pattern.** Respondents' microenterprises are usually open for business 8 to 9 hours a day, 6 to 7 days a week, 4 weeks a month and 11 to 12 months a year. Being open for business, however, does not equate with being productively engaged in business activities all these hours and days. For instance, women with home-based manufacturing enterprises conduct domestic tasks when they do not have customers and production occurs when the morning tasks are completed.

## **2. Transactional relationships**

**Suppliers and Customers.** Two-thirds of the respondents purchase their main stock or materials from commercial retailers or wholesalers, and this was most common among the manufacturers. Purchasing in bulk was reported by approximately one-third of both client groups and a quarter of the non-clients. Among these bulk purchasers, repeat clients (77%) and new clients (60%) were more

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<sup>23</sup> ANOVA:  $p = .011$ .

likely to get a lower price per unit than the non-clients (54%).<sup>24</sup> Being able to obtain lower unit prices when buying in bulk is linked to knowing the best places to buy and the purchase volume. Members of loan groups, especially the Trust Bank clients who meet bi-weekly, often exchange information about the best places to buy. Only 5% of the respondents reported that they can acquire items on credit.

A number of respondents buy and sell outside the city where they reside. In the six months prior to the survey, 26% of the new clients, 24% of the repeat clients and 16% of the non-clients had traveled personally or sent someone outside of their city to purchase items.<sup>25</sup> The most common place is “other towns in Zimbabwe”, followed by South Africa and then rural Zimbabwe (A.II.10). A higher proportion of respondents in each group had traveled outside of their urban center in the last six months to sell products: 56% of the new clients, 54% of the repeat clients and 40% of the non-clients.<sup>26</sup> The usual pattern is to go almost every month to rural areas in Zimbabwe (A.II.12 and 13). For instance, a woman will travel around payday to sell the items she knitted and crocheted during the previous weeks to teachers at a rural school complex. Selling outside the city where they reside is more common among manufacturers (60%) than traders (41%). This reflects the manufacturing category including individuals engaged in knitting, sewing and crocheting.

About half of the clients and non-clients who sell outside the city where they reside are engaged in barter trade (A.II.14). For example, a woman sells a sweater in exchange for maize plus a little cash; after accumulating a number of bags of maize, she sets aside some for her domestic use and transports the rest to a major maize buyer. Barter traders report higher profit margins (excluding the value of labor) on bartered trade than selling the same item for cash.<sup>27</sup> However, bartering is usually an optional rather than an exclusive mode of transaction for these microentrepreneurs.

**Customers and Credit.** Like other microentrepreneurs in Zimbabwe, the customer base of respondents is almost exclusively individuals who are the final consumers (A.II.15). These customers often request credit. While approximately 80% of the respondents report extending credit, almost two-thirds of them extend credit on a selective basis and about half of them require a deposit, but less than 12% report charging interest or a higher price. Since most microentrepreneurs compete with others selling the same or similar items, they feel compelled to provide credit, especially to those whom they know, in order to maintain their customer base. Extension of credit is most common among manufacturers and those engaged in the agricultural sector activities, although 70% of the traders also extend credit (A.II.17).

### **3. Business training and management**

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<sup>24</sup> Chi-square @.032.

<sup>25</sup> Chi-square @.010.

<sup>26</sup> Chi-square @.005.

<sup>27</sup> Exploratory interviews June 1997.

Since Zambuko provides some training in business management, information was sought about business training in the past five years. Ninety percent of the clients reported having received training from Zambuko and an additional 5% were trained by another organization. In comparison, less than 5% of the non-clients received any business training.

Most respondents cited “business management” as one of the most important thing learned. Record keeping, appropriate use of business funds, cash management and basic business principles were also mentioned. Almost all of those who received business training reported that they did something differently as a result of the training. Trust Bank clients, who receive more formal training in business management than the other clients, were less likely than the other client respondents to report having done something differently as a result of the training (A.II.20). Among all the client respondents, the most frequently cited change is record keeping, followed by financial management, calculation of profit, saving, and better product marketing.

An indicator of business management is keeping of revenue and expenditure records. A significantly greater proportion of clients than non-clients report keeping some type of records: 80% of the repeat clients, 68% of the new clients and 60% of the non-clients. Sales records are more common than expenditure records (A.II.23 and 24). The former normally consists of a record of money owed plus partial records of sales receipts, and the next most common practice is a record only of money owed. Clients were more likely than non-clients to keep some sort of sales records.<sup>28</sup>

Expenditure records usually consist of keeping a partial record of receipts, and this tends to be more common among clients than non-clients. A relatively large proportion of respondents keep no expenditure records: 35% of the new clients, 27% of the repeat clients and 41% of the non-clients. Less than 5% of the respondents mentioned keeping a complete record of revenue and expenditures, and this was reported primarily by clients.

Business training can lead to important changes which in turn affect the overall returns to the microenterprise, and hence have a material impact. However, except for Trust Bank participants, it is difficult to determine the nature and extent of training a client has received. Trust Bank clients can be compared with other clients to attempt to determine if the training has had an impact; however, the analysis would need to control for a number of differences between the two groups.

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<sup>28</sup> Chi-square test @ .048.



#### 4. Employment, fixed assets and sales

**Enterprise Employment.** Respondents were asked about persons who assisted with their enterprise the month prior to the survey. Since most enterprises are home-based and a household member might occasionally help, assistance was defined as more than an average of one hour a day during the month. A greater proportion of repeat clients than new clients or non-clients had someone helping them with their enterprise (table 21). Among those with workers, the average number of employees varied little between the respondent groups: 1.6 for the new and repeat client samples and 1.5 for non-clients. Paid employees were more commonly found among client than non-client enterprises. The average number of paid employees was significantly higher among repeat clients than the other comparison groups. Of those with paid employees, most had only one. When respondents with and without assistants are considered, the average number of employees is less than one.

**Table 21. Employment Last Month in Respondents' Enterprises**

	New Clients	Repeat Clients	Non-clients
Enterprises with Employees	32%	52%	35%
Of These, Percentage with Paid Employees	51%	62%	33%
Average Number of Paid Employees*	.83	1.1	.47
Average Number of People Assisting	1.6	1.6	1.5
Average Number of People Assisting**	.53	.77	.52

Source: Field Survey Data, 1997.

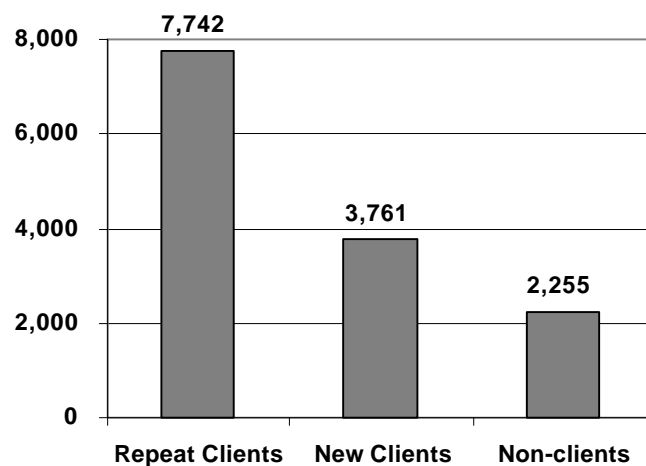
\* ANOVA:  $p = .000$ .

\*\*ANOVA:  $p = .008$ . This is based on respondents with and without employees.

The employment pattern among the respondents differs from that found among the manufacturing, commercial and service MSEs in the third nationwide survey. In the latter, 42% had 2 or more workers (including the proprietor) and on average they had 1.91 workers. The larger number of employees among the nationwide survey respondents is probably attributable to the study covering enterprises with up to 50 employees.

**Enterprise Fixed Assets.** Respondents were asked to list the enterprise fixed assets which they own - equipment, machines, furnishings, premise, and tools - and then to estimate the current financial value of each item or group of tools. The results (figure 3) reveal a statistically significant difference between the comparison groups, with the average estimated value for repeat clients being more than three times that of non-clients. Three-fourths of the clients and 57% of the non-clients reported buying one or more fixed assets for their main enterprise in the 24 months prior to the survey. Almost 20% of the repeat clients and 10% of the new clients reported having acquired one or more of their enterprise fixed assets with Zambuko loan funds. Commonly purchased were knitting and sewing machines.

**Figure 3. Estimated Current Value of Enterprise Fixed Assets (Z\$)\***



\* Level of Statistical Significance ANOVA:  $p=.001$ .

**Enterprise Revenue.** Since microentrepreneurs seldom keep a complete record of their sales and expenditures, as documented in the information above on business records, it is difficult for them to estimate their gross or net enterprise income. Therefore, respondents were asked about the sales price of the three products which contributed the most to their sales revenues the month prior to the survey. For each, they were asked about the number of units sold. From this data, the average gross sales revenue of the top three products was calculated to indicate the pattern of sales revenue. The results differed significantly between the comparative groups: it was highest for the repeat clients (Z\$6,068), and lowest for the non-clients (Z\$3,416), with the new client average (Z\$4,471) being close to that of non-clients.<sup>29</sup>

After having considered the top three products, respondents were asked to estimate their enterprise net revenue in the previous month and enumerators usually assisted them to calculate an estimate based on the prior information. The average for each of the comparison groups differed significantly: the repeat clients had the highest (Z\$3,698) and the non-clients the lowest (Z\$2,054), with the new clients (Z\$2,165) in between.<sup>30</sup> Within the client group, the average net enterprise revenue was lower among the new and repeat Trust Bank clients than their cohort groups (A.II.30). The difference was greatest among the repeat borrowers: the average for the repeat Trust Bank clients was 50% less than for the other repeat clients.

An analysis of the distribution of respondents across different net revenue categories reveals that new clients and non-clients were more similar than new and repeat clients. Forty-four percent of the new clients, 46% of the non-clients and 28% of the repeat clients estimated their net revenue the previous

<sup>29</sup> ANOVA:  $p=.012$ .

<sup>30</sup> ANOVA:  $p=.001$ .

month to be under Z\$1,000. At the other extreme, 25% of the new clients, 19% of the non-clients and 36% of the repeat clients claimed to have a net revenue exceeding Z\$3,000 the month prior to the survey.

## **5. Discussion**

The baseline results reveal a number of differences between the comparison groups on factors related to their enterprises. The repeat borrowers differ significantly from the new clients and non-client respondents by a) being more likely to obtain lower per unit prices when buying in bulk, b) having on average a higher valued enterprise fixed asset base, c) receiving on average more sales revenue for their top three products, and d) having on average a higher estimated monthly net sales revenue. Also, repeat clients were more likely than others to engage workers and to have more paid workers, although the average number of workers employed is about the same for the comparison groups. Hence, the data suggest that those who continue to participate in Zambuko's program, with the possible exception of Trust Bank clients, appear to have more active and profitable businesses than the new and non-client respondents.

The data highlight that client and non-client microentrepreneurs lack access to supplier credit, but that they extend credit to their customers. The latter stems from competition among sellers: microentrepreneurs feel compelled to extend credit to those whom they know in order to keep them as customers.

One impact of Zambuko which is suggested at this stage in the longitudinal assessment relates to training in business management. Nearly all of the clients compared with 5% of the non-clients reported having received business training in the past five years, and most of the clients mentioned doing something differently as a result of the training. At the same time, since the Trust Bank clients are less likely to change their practices even though they receive more hours of training, the findings suggest that other factors may pre-condition the response. This issue should be explored further in focus group sessions with Trust Bank respondents and through regression analysis to compare changes in key impact variables between clients with less intensive training and Trust Bank clients.

The findings about business management training highlight that clients do not seem linked to other programs that provide such training. Only five percent of the clients reported receiving training from an organization other than Zambuko.

## **F. Empowerment of Women**

The assessment includes hypotheses about the impact of participation in a Zambuko program on specific elements of women's empowerment. In particular it focuses on the pattern of savings, control over decision-making, self-esteem, self-confidence, and ability to face the future.

## 1. Pattern of savings

In Harare, Chitungwiza, Bulawayo and Mutare a range of institutions provide savings facilities and these are located throughout the large and small commercial centers, such as shopping centers in the high density suburbs. These are accessible to those with small amounts to deposit. Approximately 80% of the respondents have at least one individual account, while approximately 15% only have a joint savings account (table 22). Among the Trust Bank clients, 87% of the new clients and all of the repeat clients had at least one type of account.

**Table 22. Percentage of Female Respondents with Specific Types of Savings Accounts (percentage)**

	New Clients	Repeat Clients	Non-clients	Level of statistical significance
At Least One Type of Account	94	88	75	Chi-sq.@.001
At Least One Individual Account	86	83	70	Chi-sq.@.001
Building Society	48	59	28	Chi-sq.@.001
Post Office	44	31	47	Chi-sq.@.017
Bank	20	16	10	Chi-sq.@.017

*Source: Field Survey Data, 1997.*

Respondents' accounts are usually with building societies or the post office. Savings accounts with commercial banks are held by less than 20% of the respondents.<sup>31</sup> The data reveal significant differences between the comparison groups: the clients are more likely than non-clients to have an account and to have an account with a building society. Non-clients and new clients are much more likely than repeat clients to have a post office savings account, which gives the lowest returns but is easiest for micro-scale depositors.

Although most respondents have accounts, saving on a regular basis is not the normal pattern. Making deposits regularly on a monthly or weekly basis is reported by only 22% of the new clients, 24% of the repeat clients and 18% of the non-clients. Trust Bank clients were more likely than other clients to make deposits on a monthly or weekly basis; this relates to the emphasis the Trust Bank groups give to saving. Almost three-quarters of the respondents in each comparison group reported making deposits since January 1997 but not on a regular basis. Less than 5% of the respondents reported not making any deposits during this period.

## 2. Control over decision-making

Information was sought from female clients on the decision-making related to applying for their most recent loan. The data were analyzed by marital status since it was anticipated that unmarried women (i.e. those who were single, separated, divorced or widowed) would be more likely to have made the

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<sup>31</sup> A bank current account, which is more difficult to obtain, is held by less than 3% of each respondent group; this type of account usually provides overdraft privileges.

decision themselves. Indeed, 86% of the unmarried clients decided for themselves, with the repeat clients being slightly more likely than the new clients. The other unmarried clients usually consulted with a household member before deciding. In comparison, approximately half of the married female clients made the decision themselves, while one third consulted with their spouse or another household member before deciding. The other married clients decided jointly with their spouse or were influenced by others, such as members of the loan- receiving group.

Female clients were also asked about decision-making associated with the use of their recent loan. Among married clients, 69% of the women decided themselves, whereas the others tended to consult with their spouse or another member of their household. Almost all (96%) of the unmarried women reported deciding for themselves, and a few new clients mentioned the influence of their loan group. While all of the unmarried clients reported that they alone provided the funds for loan repayments, 17% of the married respondents said that they sometimes received assistance from their spouse or another household member.

All female respondents were asked about decision-making regarding the use of their enterprise sales revenue the previous month. Among the married women, 54% of the new clients, 61% of the repeat clients and 56% of the non-clients reported deciding for themselves and almost all of the others consulted with their spouse about the use of the revenue. In contrast, over 90% of the unmarried respondents decided themselves

### **3. Self-esteem and self-confidence**

Nearly all of the female respondents report that they feel that people in their household respect them for the contribution they make to maintenance of the household. In addition, approximately 70% of the respondents feel well-positioned to face the future, and many had plans for preparing for the future. Between 45 and 56% of the respondents in each comparison group reported having plans, and there were only slight differences according to whether or not the respondent was married. The plans varied from vague ideas to very specific actions. The plans centered on three themes: housing, children's financial security and education, and business growth and diversification. The women reported trying to save to purchase a house and to provide financial security for their children, often specifically mentioning saving funds to educate their children. Plans for their businesses sometimes involved very specific goals; women frequently mentioned obtaining a stand in a market or a business plot.

### **4. Discussion**

Savings provide a valuable cushion for meeting financial crisis in addition to meeting longer term goals. Savings accounts with formal institutions are common among the respondents, although more so with clients than non-clients. Clients more than non-clients were likely to have an account with an institution that pays commercially determined market rates. Post office savings accounts which pay lower interest rates than these other institutions were the most frequent type of account held by non-clients. The data suggest that clients are more astute in getting the most returns on the money saved with formal institutions.

Making deposits on a regular basis, however, is not the common pattern. Almost three-quarters of the new and repeat clients reported making deposits on an irregular basis. No clear pattern was evident in terms of whether the amount in savings had increased, decreased or remained the same among respondents.

Information about decision-making indicates that the women decide for themselves or consult with their spouse or another household member. Consultation is more common among married than unmarried women. Consultation may be considered a prudent financial management strategy rather than a submissive action since most of these households depend on the respondents' enterprise revenues to meet basic household expenditures. Moreover, acquiring a loan has risks associated with the ability to meet the repayment schedule. Even though a loan is guaranteed by group members or individual guarantors, it carries implicit expectations regarding other household members since they may be pressured to provide monies to repay it or a household item might be taken to repay the debt. The case studies which are part of the assessment should explore further the consultation process to determine its dynamics.

## V. SUMMARY AND CONCLUSIONS

### A. Summary of Findings

#### 1. Household resources

The human resource base of a households indicates its potential for generating an income and the demands made upon it to meet basic needs. The household's physical asset base indicates its stock of wealth and standard of living. Similarities as well as differences were found in the human and physical asset base between the three comparison groups.

- # Respondents' *average age* and *average number of years of education* differ significantly between the comparison groups. In general, new clients are 37 years old with nearly 8 years of schooling, repeat clients are 41 with slightly over 8 years of education, and non-clients are 37 with approximately 7 years of education.
- # The *marital status* of respondents is similar. Most are married, but approximately one quarter of the respondents are unmarried, that is divorced, separated, widowed, or never married.
- # The households of repeat clients differ significantly from households in the other comparison groups in terms of size and number of economically active members. The *average household size* is 6.0 for repeat clients compared with 5.6 for new clients and 5.1 for non-clients. The *average number of household members who are economically active* is larger for repeat clients (2.3) than non-clients (2.0) and new clients (1.9), reflecting the larger number of household members in repeat client households. However, the *economic dependency ratio* does not differ significantly between the comparison groups.
- # The proportion of *school-age boys and girls attending school* varies little between the comparison groups: 90% or more of the households had boys aged 6-16 enrolled in school, compared with 89% or more of the households with girls in this age category. However, a lower proportion of respondent households, especially the repeat client households, have all girls and boys aged 6-21 attending school.
- # Over half of the respondents' households either own or are purchasing their residence. This form of *housing tenure* is most commonly found among households of repeat clients (64%) than those of non-clients (53%) and new clients (53%). Renting a room in a house or separate rental unit is the next most common form of housing tenure, and approximately one-third of the new client and non-client households reside under this form of tenure. Among Trust Bank respondents the new clients were more likely than the repeat clients to live in rental rooms or rental units. Nevertheless, 60% of the Trust Bank households either own or are purchasing their residence.
- # *Ownership of consumer durables* indicates the living standard of households. Less than 50% of the households in each respondent group owned refrigerators, television sets, electric fans, bicycles or vehicles that were acquired more than 24 months prior to the survey. However, when owned they were significantly more likely to be found in the households of repeat clients.

- # In general repeat client households have a significantly higher *valued asset base of consumer durables and enterprise fixed assets* than do those in the other comparison groups. A large proportion of new client and non-client households have assets valued at less than Z\$5,000: 45% and 50% respectively. In general, the asset base among the new Trust Bank respondents was lower than among the non-client and other new client respondents.

## **2. Household income-generating activities and level of income**

Households have a variety of ways to earn an income. The comparison groups tend to vary in the number of income sources and estimated average per capita monthly income.

- # The households of repeat clients have a significantly larger *average number of income sources* (2.5) than do the households of new clients (2.2) and non-clients (2.1).
- # For most respondents' households, microenterprises tend to be the most important source of income. Approximately two-thirds or more of the reported *estimated total monthly income* of respondents' households is *generated by its enterprises*.
- # Nearly one-third of the new client households obtain money from *salaried or wage employment*, compared with 28% of the repeat client and 23% of the non-client households. Approximately 53% of the non-client households and a similar proportion (44%) of the repeat client and non-client households receive *income from rental of rooms or houses*.
- # The *average per capita estimated monthly income* is highest among repeat client households (Z\$1,261) and lowest among new client households (Z\$797), with the average for non-client households (Z\$867) being similar to the latter.
- # An analysis of the *distribution of respondents by estimated monthly household income* shows that the new client and non-client households tend to be in the lower income categories. A higher proportion of the repeat client households (52%) than the households of new clients (31%) and non-clients (18%) had an estimated cash income of over Z\$4,000 the month prior to the survey.

## **3. Uses of loan funds and income**

Loan funds and income are expended to maintain and enhance the households' income generating activities and resource base, to acquire items for domestic consumption, assist non-household members, and cope with unforeseen financial crises.

- # Clients overwhelmingly reported that they *used the Zambuko loan funds* on their enterprise. The most commonly reported expenditures were on stock, materials, supplies and, to a lesser extent, fixed assets for their enterprise. Most of the clients reported that they would not have made these additional expenditures without access to Zambuko loans.



- # The *household food consumption patterns* were similar among the respondent groups. Households tend to eat vegetables daily and meat/poultry/fish at least four times a week, but consume milk, eggs and dried fish less frequently. The households of Trust Bank respondents, however, tended to consume eggs, milk and meat/poultry/fish less frequently than the other client households.
- # *Acquisition of consumer durables* by the household in the 24 months prior to the survey was reported by 59% of the repeat clients, 56% of the new clients and 48% of the non-clients. Appliances (e.g. televisions and radios) and furniture (e.g. chairs and wardrobes) were the most commonly cited types of purchases. Among those acquiring items, the *average estimated value of the consumer durables purchased* was highest for repeat client households (Z\$6,513), and there was little difference between the averages for the new client and non-client respondents.
- # Approximately one-third of the households that either own or are purchasing their residence *invested in housing improvements* in the 12 months prior to the survey. A slightly higher proportion of the households of repeat clients compared with those of the other respondent groups reported such investments. However, the *average amount spent* was highest for new client households (Z\$11,138) and lowest for repeat client households (Z\$4,912).
- # The repeat client households were significantly more likely than other respondent households to *provide cash and in-kind assistance to others* in the month prior to the survey. This assistance was usually provided to family or extended family members living outside the household for purposes other than funerals. However, approximately one-third of those providing assistance in the previous month spent money on funeral related expenses and the average value of the amount spent was higher than that given for other reasons.
- # Financial crises were common among respondent households in the 24 months prior to the survey. Almost all households coped by using savings and current earnings. Illness and death of household or extended family members were most often cited as the main crises.
- # Respondents normally have an individual savings account with a formal institution. The most common type of informal savings mechanism is membership in a rotating savings and credit association.

#### **4. Respondents' microenterprise activities**

A microenterprise was classified as all income-generating activities operating in the same space and time. Approximately 80% of the respondents had only one enterprise. The data below, referring to the enterprise used for matching non-clients with clients, reveal that the asset base and revenue generated tend to be higher among the repeat clients than the other comparison groups.

- # Over 90% of the respondents in each comparison group are engaged in *manufacturing or trade* and most have *home-based enterprises*. The average age of the enterprise differs significantly between the comparison groups: 6 years for new clients, 7 years for non-clients and almost 8 years for repeat clients.

- # Less than one-third of the respondents *purchase* their main *supplies in bulk*, but bulk purchases do not necessarily result in lower per unit prices. Clients were more likely than non-clients to obtain lower per unit prices.
  
- # Approximately 55% of the new and repeat clients *sell items outside* the city where they reside. Approximately half of the clients and non-clients who sell outside the city where they reside engage in barter trade, especially for maize.
  
- # The customer base is almost exclusively individuals, and respondents usually extend credit, but on a selective basis.
  
- # Nearly all of the clients reported having received *business training* from Zambuko and most of them reported that they did something differently as a result of the training. In comparison, less than 5% of the non-clients had received business training in the past 5 years.
  
- # *Employees* were more often found among repeat clients' enterprises (52%) than enterprises of new clients (32%) and non-clients (35%). Most of the microentrepreneurs with employees had one or two people assisting them. *Paid employees* were found more often in client than non-client enterprises.
  
- # The *value of enterprise fixed assets* differed significantly between the comparison groups, with the average value for repeat clients (Z\$7,742) being more than three times that for non-clients. Approximately 60% of the respondents in each group reported *buying a fixed asset for their enterprise* in the 24 months prior to the survey. Among those acquiring an asset, 20% of the repeat clients and 10% of the new clients reported having made their *purchase with Zambuko loan funds*.
  
- # The gross revenue earned on the top three items the month prior to the survey was highest for repeat clients (Z\$6,068) and lowest for the non-clients (Z\$3,416), with the new client average (Z\$4,471) being closer to that of the non-clients.
  
- # *Estimates of the average net enterprise revenue* the month prior to the survey differed significantly, with repeat clients having the highest average (Z\$3,698) and non-clients the lowest (Z\$2,054), with the average for the new clients (Z\$2,165) being closer to that of the non-clients. Forty-two percent of the new clients, 46% of the non-clients and 28% of the repeat clients estimated their net revenue to be under Z\$1,000 the previous month. At the other extreme, 25% of the new clients, 19% of the non-clients and 36% of the repeat clients estimated their net revenue to be Z\$3,000 or more.

## 5. Empowerment of women

Participation in Zambuko's programs involves decisions about borrowing funds and using them. Decisions are also made about use of enterprise revenues. Involvement in a Zambuko program may contribute to increased self-esteem and self-confidence.

- # *Decision-making about applying for the recent Zambuko loan* varied among clients. About half of the married female clients made the decision themselves, one third consulted with their spouse or another household member, and the remainder decided jointly with their spouse or were influenced by individuals outside of their household. In contrast, nearly all of the unmarried clients decided for themselves.
  
- # In comparison to above, a higher proportion of the clients were the sole *decision-makers regarding use of the recent Zambuko loan*. Approximately two-thirds of the married clients and nearly all of the unmarried clients made the decision and did not consult others about it.
  
- # *Decision-making regarding use of enterprise revenue* tends to rest with the female microentrepreneur. Among the married respondents between 54 and 61% of the respondents in each comparison group decided for themselves, and almost all of the others consulted with their spouse about use of the revenue. Nearly all of the unmarried respondents reported being the sole decision-maker.
  
- # Almost all of the women have at least one savings accounts with formal institutions and 70% or more in each respondent group have at least one individual account. A significantly higher proportion of clients than non-clients had an individual savings account, a building society account or a savings account with a bank. Nevertheless, less than one-quarter of each respondent group reported saving on a weekly or monthly basis.
  
- # Almost all of the female respondents reported that they feel that *people in their household respect them* for the contribution they make and approximately three-fourths feel *well-positioned to face the future*. Approximately half of both the married and unmarried reported having *plans for preparing for the future*. These plans ranged from vague ideas to specific items and centered on three themes: buying a house or land on which to build a house, children's financial security and education, and business growth and diversification.

## **B. Conclusions and Implications**

### **Zambuko clients are microentrepreneurs from low-resources, low-income households**

The data show that a significant proportion of clients, especially new clients, are from low-resource, low-income households. One-third of the new clients are lodgers, and most client households do not own a refrigerator, colored television, electric fan or a means of transport. Forty-two percent of the new clients had an estimated monthly household income under Z\$2,000 and their per capita monthly income averaged Z\$789.

### **The Trust Bank reaches women who are poorer than those who acquire Zambuko's other loan products.**

Although the basic demographic characteristics of Trust Bank clients and their households are similar to other clients, the households of Trust Bank respondents have a lower resource base. Hence, the data confirm that the Trust Bank does reach its target population.

### **Loan funds permit the majority of clients to make purchases which they otherwise would not have made.**

The loan funds permit most clients to make purchases in addition to those they normally make. Approximately 60% of the client respondents reported that without the loan funds they would have continued replenishing and adding stock and materials at their normal levels, compared with 17% who said they would have used their savings and 14% who reported that they would have borrowed funds from another source. Access to loans from Zambuko permit many to diversify their products or enlarge their normal stock of supplies. This implies that the impacts identified in the follow-up survey would not have occurred or would not have been realized so quickly without access to credit from Zambuko.

### **Provision of business training by Zambuko results in changes by clients.**

Almost all clients reported having received business training from Zambuko and approximately two-thirds of the client respondents could cite specific things learned. These tended to be very basic, regarding credit, how to calculate profits, and business management. Moreover, most of the clients reported a change in behavior as a result of the training received, and hence an impact of Zambuko's program. The findings suggest that most microentrepreneurs have a low level of knowledge about basic business principles and management, and are receptive to learning more. There may be scope for greater provision of training to Zambuko clients and other microentrepreneurs. Zambuko may want to investigate instituting a training program on a cost-recovery basis or linking clients with organizations which provide more training in business management.

### **Microentrepreneurs in the study sites did not lack access to saving facilities.**

Almost all respondents have a savings account with a formal institution. Therefore, in its deliberations about becoming a bank, Zambuko will need to take into account that microentrepreneurs already have savings accounts and hence it would need to compete with other institutions for savings deposits.

**Repeat clients tend to be significantly different from new clients and non-clients in a number of ways.**

This finding suggests that microentrepreneurs who continue to apply for loans from Zambuko are better off economically than the new clients and non-clients. Most likely the initial loans proved useful in stimulating a net increase in enterprise income and hence these individuals have remained with the program to expand further and enhance their income-earning potential.

**Zambuko may wish to investigate the feasibility of providing loan products for housing improvements or purchase of low-cost housing.**

Over half of the households in each respondent group own or are purchasing their residence. This suggests that there may be scope for Zambuko to offer loans for housing improvements, especially those related to rental property. Also, there may be scope for Zambuko to provide loan products related to purchase of low-income housing since approximately one-third of the respondent microentrepreneurs are renters.

### **C. Emerging Issues**

The findings from the baseline study raise issues related to the design of the instrument for the second round of survey data collection, the analysis of data, and the likely impacts that will be found. The two-stage impact assessment is based on the overarching hypothesis that being a Zambuko client leads to improvements in the welfare of client households; growth, diversification or stability in the client's enterprises; increased empowerment of female clients; and/or strengthened social networks of client households.

The baseline findings suggest the following related to specific hypotheses on improvements in the welfare of client households.

**Greater diversification in sources of income, especially among the poorer households.**

The data indicate that the poorer the household, the fewer the sources of income, when controlling for the number of working-age members. Hence, this hypothesis is unlikely to be confirmed.

**Increase in the proportion of school aged boys and girls in school.** The first round of data collection reveals that almost all households with boys and/or girls aged 6 to 16 have all of these children enrolled in school and there is little difference between clients and non-clients. Hence, it is unlikely that this hypothesis will be confirmed for the age group 6 to 16. On the other hand, if the economic situation worsens one might find that clients are better able than non-clients to keep children aged 6 to 16 in school.

The proportion of households with members aged 17 to 21 that send all their female and all their male members in this age group to school (including training courses) does not appear to increase as a result of participation in the Zambuko program. The reasons for this need to be explored in the case study interviews or focus groups.

**Increase in dietary mix and frequency of consumption of key foods by the household.**

The baseline data reveal that households consume a good dietary mix of foods each week. However, milk and eggs tend to be consumed less frequently than vegetables and meat. It is likely that an increase in the frequency of milk consumption and maybe eggs will result from a net increase in enterprise or household income. Because most households do not own refrigerators and eggs are not as commonly sold at local kiosks and stands, a caveat is put on eggs since they are perishable. In comparison, long-lasting milk which is not dependent on refrigeration is available.

**Increase in the household's effectiveness in coping with financial shocks.** The baseline data reveal that households are already effective in coping with shocks. The issue appears to be: will this effectiveness continue? This question seems to be legitimate given the persistently high annual rate of inflation, and the high rate of HIV/AIDS which leads to health-related and funeral expenses for household members and assistance for funerals of non-household members. The hypothesis might be restated to be: maintaining the household's effectiveness in coping with financial shocks.

The enterprise hypotheses center on the overarching hypothesis that participation in the Zambuko program leads to enterprise growth, diversification or stability, although the specific hypothesis are stated in terms of increases. Economic difficulties may affect the ability of enterprises to increase their net revenue, fixed assets, employment, and transactional relationships. However, Zambuko clients may be better able than other microentrepreneurs to weather adverse conditions in the context in which they operate. The case study interviews focus on changes external and internal to the household and enterprise which affect enterprise growth and diversification. This data will help in the interpretation of the findings about change or lack of change in the variables associated with the enterprise hypotheses.

For the hypotheses focused on empowerment of women and strengthened social networks no changes or revisions appear to be needed. However, some clarifications and adjustments need to be made on questions related to these hypotheses as well as the ones on household welfare and on the enterprises. Questions that did not yield useful or reliable information, and hence not covered in the baseline report, should be eliminated from round two of the survey. Most of these questions were centered on obtaining more in-depth information related to specific hypothesis, therefore, elimination of these does not undermine the impact assessment.

The analysis of the data will need to include statistical controls to take into account the effects of factors other than program participation. Multivariate analysis will facilitate a more precise identification of program impact. Also, a framework will need to be developed for categorization of the respondents and analysis of the data since the new clients may have become repeat clients and non-clients may have become clients.

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**Assessing the Impact of  
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**AN ASSESSMENT  
OF THE IMPACT OF  
ZAMBUKO'S MICROENTERPRISE PROGRAM  
IN ZIMBABWE: BASELINE FINDINGS**

**ANNEX**

**March 1999**

**Submitted to:**

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**Submitted by:**

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## TABLE OF CONTENTS

I.	RESPONDENTS AND THEIR HOUSEHOLDS .....	1
Table 1:	Locational Distribution of Respondents .....	1
Table 2:	Distribution of Interviews by Sex of Respondent .....	1
Table 3:	Marital Status of Respondents .....	2
Table 4:	Marital Status and Household Economic Dependency Rate .....	2
Table 5:	Trust Bank and Other Clients: Key Client and Household Characteristics .....	3
Table 6:	Housing Tenure By Comparison Group .....	3
Table 7:	Housing Tenure by Geographic Area (percentage) .....	4
Table 8:	Have Lived at Current Residence for More Than Two Years .....	4
Table 9:	Households Owning Select Consumer Durables .....	5
Table 10:	Household Ownership of Select Consumer Durables Trust Bank Households Compared with Other Clients .....	5
Table 11:	Estimated Value of Assets .....	5
Table 12:	Ownership of Household Enterprises .....	6
Table 13:	Geographic Distribution of Households Owning or Buying Their Residence That Have One or More Renters .....	6
Table 14:	Distribution of Number of Rooms Rented Out by Households Owning or Buying Their Residence .....	7
Table 15:	Per Capita Household Total Monthly Income Last Month .....	7
Table 16:	Trust Bank and Other Clients: Average Per Capita Income Last Month ..	7
Table 17:	Use of Recent Loan Funds .....	8
Table 18:	What Would Have Done if Has Not Received Loan from Zambuko .....	8
Table 19:	Respondents Buying Consumer Durables on Hire-Purchase Basis .....	8
Table 20:	Whether or Not Enterprise Revenue Essential for Household Expenditures Last Month .....	9
Table 21:	Largest Dollar Use of Enterprise Sales Revenue Last Month .....	9
Table 22:	Second Largest Dollar Use of Enterprise Sales Revenue Last Month ...	10
Table 23:	Vegetable Consumption in Household During the Past Seven Days ....	10
Table 24:	Meat, Chicken Consumption in Household During the Past Seven Days .....	11
Table 25:	Dried Fish Consumption in Household During the Past Seven Days ....	11
Table 26:	Egg Consumption in Household During the Past Seven Days .....	11
Table 27:	Milk Consumption in Household During the Past Seven Days .....	12
Table 28:	Trust Bank and Other Clients: Frequency of Food Consumption During the Past Seven Days .....	12
Table 29:	Whether or Not Those Owning or Purchasing Residence Made Housing Improvements the Last 12 Months .....	12
Table 30:	Households Having Purchased Building Materials for Future Use .....	13
Table 31:	Whether or Not Households Provided Cash and/or In-Kind Assistance to Others Last Month .....	13

Table 32:	Whether Trust Bank and Other Client Households Provided Cash and/or In-kind Assistance to Others Last Month . . . . .	13
Table 33:	Distribution of Assistance by Households That Provided Assistance Cash or In-Kind to Others Last Month . . . . .	14
Table 34:	Type of Major Financial Crisis the 24 Months Prior to the Survey . . . . .	14
Table 35:	Additional Responses on Major Financial Crisis . . . . .	15
Table 36:	How Met Financial Crisis . . . . .	15
Table 37:	Most Often Mentioned Two Main Intended Uses of Savings Accounts . . .	16
Table 38:	Trust Bank and Other Clients: Savings . . . . .	16
Table 39:	Informal Modes of Saving . . . . .	16
Table 40:	Pattern of Informal Savings . . . . .	17
II.	MATCHED ENTERPRISE . . . . .	18
Table 1:	Sector Distribution of Respondents' Enterprise . . . . .	18
Table 2:	Trust Bank and Other Clients: Sector Distribution . . . . .	18
Table 3 :	Location of Enterprises . . . . .	19
Table 4:	Main Supplier of Main Inputs . . . . .	19
Table 5:	Main Source of Inputs By Sector . . . . .	20
Table 6:	Whether or Not Buys Main Inputs in Bulk . . . . .	20
Table 7:	Whether Those Buying in Bulk Receive Lower Per Unit Prices . . . . .	20
Table 8:	Whether Can Obtain Main Inputs on Credit . . . . .	21
Table 9:	Whether or Not Respondent Bought Inputs Outside City of Residence in Past 6 Months . . . . .	21
Table 10:	Location of Purchases By Those Buying Outside City of Residence in Past 6 Months . . . . .	21
Table 11:	Respondents Selling Outside City of Residence by Sector (percentage) . .	22
Table 12:	Where Sales Made by Those Traveling Outside City of Residence to Sell in Past 6 Months . . . . .	22
Table 13:	Frequency of Travel By Those Traveling Outside City of Residence in Past 6 Months to Sell . . . . .	22
Table 14:	Whether or Not Those Who Sold Outside City of Residence in the Past 6 Months Engage in Barter Trade . . . . .	23
Table 15:	Main Customers . . . . .	23
Table 16:	Whether or Not Extended Credit to Customers in the Last 6 Months . . .	23
Table 17:	Respondents Extending Credit in the Last 6 Months by Sector . . . . .	24
Table 18:	Pattern of Credit Extension Among Those Who Gave Credit . . . . .	24
Table 19:	Changes in Extension of Credit Among Those Whose Pattern Changed the Past 3 Months . . . . .	24
Table 20:	Trust Bank and Other Clients: Made Changes as a Result of the Business Training . . . . .	25
Table 21:	Whether or Not Keeps Business Records . . . . .	25
Table 22:	Keeping of Business Records by Sector . . . . .	25
Table 23:	Among Those Keeping Records, Type of Sales Records Kept . . . . .	26
Table 24:	Among Those Keeping Records, Type of Expenditure Records Kept . . .	26
Table 25:	Among Those Keeping Records, Whether Produces a Balance Sheet . . .	26

Table 26:	Whether or Not Respondent Had One or More Individuals Assisting With the Enterprise Last Calendar Month . . . . .	27
Table 27:	Whether or Not Has Paid Employees . . . . .	27
Table 28:	Number of Assistants(Employees) in Enterprise Last Month . . . . .	27
Table 29:	Among Those With Assistants (Employees), If Had Paid Employees . . .	28
Table 30:	Estimated Average Net Enterprise Revenue Last Month (\$Z) . . . . .	28
Table 31:	Distribution of Estimated Enterprises Net Revenue Last Month Among Manufacturers and Traders by Comparison Group . . . . .	29
Table 32:	Decision-making about Use of Enterprise Revenue Last Month . . . . .	30
Table 33:	Whether or Not Respondent has a Sales Strategy . . . . .	30
III.	EMPOWERMENT OF WOMEN . . . . .	31
Table 1:	Whether or Not Female Respondent Has at Least One Savings Account . . . . .	31
Table 2:	Types of Savings Accounts of Female Respondents . . . . .	31
Table 3:	Decision-Making About Taking Loan Funds: Women Clients by Marital Status . . . . .	32
Table 4:	Decision-Making About Use of Loan Funds: Women Clients by Marital Status . . . . .	32
Table 5:	Who Normally Provides Funds for Loan Repayments: Women Clients by Marital Status . . . . .	33

## I. RESPONDENTS AND THEIR HOUSEHOLDS

**Table 1: Locational Distribution of Respondents**

	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>	<b>NON- CLIENTS</b>	<b>TOTAL</b>	<b>PERCENTAGE OF ENTIRE SAMPLE</b>
Greater Harare*	78 (29%)	68 (26%)	120 (45%)	266 (100%)	38%
Trust Bank (Greater Harare)	60 (42%)	22 (15%)	62 (43%)	144 (100%)	21%
Mutare	44 (31%)	40 (29%)	56 (40%)	140 (100%)	20%
Bulawayo	62 (44%)	19 (13%)	60 (43%)	141 (100%)	21%
<i>TOTAL</i>	244 (35%)	149 (22%)	298 (43%)	691 (100%)	100%

Source: Field Survey Data

\* Excluding Trust Bank clients and their matching non-clients.

**Table 2: Distribution of Interviews by Sex of Respondent**

	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>	<b>NON- CLIENTS</b>	<b>TOTAL</b>
Female	213 (87%)	112 (75%)	244 (82%)	569 (82%)
Male	31 (13%)	37 (25%)	54 (18%)	122 (18%)
<i>TOTAL</i>	244 (100%)	149 (100%)	298 (100%)	691 (100%)

Source: Field Survey Data

**Table 3: Marital Status of Respondents**

	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>	<b>NON- CLIENTS</b>	<b>TOTAL</b>
Married Non-polygamous	179 (74%)	106 (72%)	211 (72%)	496 (72%)
Married Polygamous	2 (1%)	0 (0%)	0 (0%)	2 (-)
Separated	7 (3%)	5 (3%)	11 (4%)	23 (3%)
Divorced	15 (6%)	9 (6%)	20 (7%)	44 (6%)
Widowed	30 (13%)	22 (15%)	37 (13%)	89 (13%)
Single	9 (4%)	6 (4%)	16 (5%)	31 (5%)
<i>TOTAL</i>	242 (100%)	148 (100%)	295 (100%)	685 (100%)

Source: Field Survey Data

Frequency missing = 6

**Table 4: Marital Status and Household Economic Dependency Rate**

	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>	<b>NON-CLIENTS</b>
Married	.40	.41	.43
Not Married	.39	.47	.47

Source: Field Survey Data

ANOVA: p.077

**Table 5: Trust Bank and Other Clients: Key Client and Household Characteristics**

	TRUST BANK		OTHER CLIENTS	
	NEW CLIENTS	REPEAT CLIENTS	NEW CLIENTS	REPEAT CLIENTS
Average Age	37	41	37	41
Economic Dependency Ratio	.38	.37	.40	.43
Household Size				
Married	5.7	6.8	5.8	6.4
Unmarried	5.0	4.8	5.1	4.6
Housing Tenure				
Own	20 (34%)	7 (32%)	56 (30%)	44 (35%)
Rent to Buy	16 (27%)	6 (27%)	37 (20%)	37 (30%)
Rent House	2 (3%)	1 (5%)	26 (14%)	20 (16%)
House	13 (22%)	1 (5%)	43 (23%)	16 (13%)
Rent Room Outside House	4 (7%)	0 (-)	13 (7%)	7 (6%)
Other	4 (7%)	7 (32%)	7 (5%)	1 (1%)

**Table 6: Housing Tenure By Comparison Group**

	NEW CLIENTS	REPEAT CLIENTS	NON-CLIENTS	TOTAL
Own	76 (35%)	50 (23%)	92 (42%)	218 (32%)
Rent to Buy	53 (33%)	44 (27%)	66 (40%)	163 (24%)
Rent House	28 (40%)	21 (30%)	21 (30%)	70 (10%)
Rent Room in House	56 (38%)	17 (11%)	75 (51%)	148 (22%)
Rent Room o/s House	17 (36%)	7 (15%)	23 (49%)	47 (7%)
Hostels	2 (-)	0 (0%)	0 (0%)	2 (-)
Other	11 (28%)	8 (21%)	20 (51%)	39 (5%)
<b>TOTAL</b>	243 (100%)	147 (100%)	297 (100%)	687 (100%)

Source: Field Survey Data

Frequency missing = 4

**Table 7: Housing Tenure by Geographic Area (percentage)**

	<b>GREATER HARARE</b>	<b>TRUST BANK - GREATER HARARE</b>	<b>BULAWAYO</b>	<b>MUTARE</b>
New Clients				
Own	27	34	57	0
Rent to Buy	18	27	16	30
Rent House	13	3	11	21
Lodger	40	29	16	34
Other	2	7	0	15
(Total Number)	(78)	(59)	(62)	(44)
Repeat Clients				
Own	41	27	68	10
Rent to Buy	27	32	16	40
Rent House	9	5	11	30
Lodger	23	0	0	20
Other	0	32	5	0
(Total Number)	(66)	(22)	(19)	(40)
Non-Clients		(Matched)		
Own	28	29	58	11
Rent to Buy	26	23	10	27
Rent House	7	8	2	11
Lodger	28	32	30	48
Other	11	8	0	3
(Total Number)	(119)	(62)	(60)	(56)

**Table 8: Have Lived at Current Residence for More Than Two Years**

	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>	<b>NON-CLIENTS</b>	<b>TOTAL</b>
Greater Harare*	58 (26%)	62 (28%)	105 (46%)	225 (100%)
Trust Bank	49 (40%)	21 (17%)	52 (43%)	122 (100%)
Mutare	35 (31%)	36 (31%)	44 (38%)	115 (100%)
Bulawayo	53 (45%)	15 (13%)	50 (42%)	118 (100%)
N =	195	134	251	580

Source: Field Survey Data

\* Excludes Trust Bank clients and matching non-clients.



**Table 9: Households Owning Select Consumer Durables (percentage)**

	NEW CLIENTS	REPEAT CLIENTS	NON-CLIENTS	LEVEL OF STATISTICAL SIGNIFICANCE
Color TV	16	20	14	N.S.
Refrigerator	34	48	31	chi-sq. @ .002
Electric Fan	36	46	34	chi-sq. @ .031
Bicycle	10	17	13	NS
Car, Motorcycle, Truck, etc	10	11	5	chi-sq. @ .057

Source: Field Survey Data

\* This does not include purchases the last 24 months.

**Table 10: Household Ownership of Select Consumer Durables  
Trust Bank Households Compared with Other Clients (percentage average)**

	TRUST BANK		OTHER CLIENTS		LEVEL OF SIGNIFICANCE
	NEW CLIENTS	REPEAT CLIENTS	NEW CLIENTS	REPEAT CLIENTS	
Color TV	18	9	14	16	N.S.
Refrigerator	20	32	29	38	N.S.
Electric Fan	30	27	38	46	.047
Bicycle	3	14	12	16	N.S.

**Table 11: Estimated Value of Assets (Z\$)**

	NEW CLIENTS	REPEAT CLIENTS	NON-CLIENTS	LEVEL OF SIGNIFICANCE
Average Estimated Value of Consumer Durables Purchased in the Past 24 Months	8,070	9,036	5,582	N.S.
Average Estimated Value of Household Appliances, Equipment and Transport	4,896	6,513	4,574	ANOVA p=.04
Average Estimated Value of Fixed Assets in All Household Enterprises	3,538	8,006	2,265	ANOVA p=.003

Source: Field Survey Data

**Table 12: Ownership of Household Enterprises (percentage)**

	<b>SELF</b>	<b>SPOUSE</b>	<b>OTHER HOUSEHOLD MEMBERS</b>	<b>TOTAL</b>
Matched Enterprise	98%	2%	-	691 (79%)
Second	89%	8%	3%	154 (18%)
Third or More	89%	8%	4%	26 (3%)

Source: Field Survey Data

**Table 13: Geographic Distribution of Households Owning or Buying Their Residence That Have One or More Renters (percentage)**

	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>	<b>NON-CLIENTS</b>	<b>TOTAL</b>
Greater Harare*	60	57	67	62
Trust Bank	53	61	66	59
Mutare	48	45	29	37
Bulawayo	42	25	41	39

Source: Field Survey Data

\* Excludes Trust Bank clients and matching non-clients.

Frequency missing = 8

**Table 14: Distribution of Number of Rooms Rented Out by Households Owning or Buying Their Residence**

	NEW CLIENTS	REPEAT CLIENTS	NON- CLIENTS	TOTAL
None	64 (51%)	47 (51%)	70 (45%)	181 (49%)
One	27 (22%)	14 (15%)	29 (19%)	70 (19%)
Two	20 (16%)	17 (18%)	27 (19%)	64 (17%)
Three	8 (6%)	5 (6%)	10 (6%)	23 (6%)
Four	3 (2%)	3 (3%)	9 (6%)	15 (4%)
Five	3 (2%)	4 (43%)	5 (3%)	12 (3%)
Six	1 (1%)	3 (3%)	4 (3%)	8 (2%)
<i>TOTAL</i>	126 (100%)	93 (100%)	154 (100%)	373 (100%)

Source: Field Survey Data

Frequency missing = 8

**Table 15: Per Capita Household Total Monthly Income Last Month**

	NEW CLIENTS	REPEAT CLIENTS	NON- CLIENTS	TOTAL
Under Z\$1,000	118 (75%)	58 (64%)	159 (80%)	335 (75%)
Z\$1,000-1,999	26 (17%)	22 (24%)	23 (11%)	71 (16%)
Z\$2,000-3,999	10 (6%)	5 (5%)	12 (6%)	27 (6%)
Z\$4,000 & Over	3 (2%)	6 (7%)	6 (3%)	15 (3%)
<i>TOTAL</i>	157 (100%)	91 (100%)	200 (100%)	448 (100%)

Source: Field Survey Data

Frequency missing = 243

**Table 16: Trust Bank and Other Clients: Average Per Capita Income Last Month (Z\$)**

TRUST BANK		OTHER CLIENTS	
NEW CLIENTS	REPEAT CLIENTS	NEW CLIENTS	REPEAT CLIENTS
653	455	840	1,372
N = 36	N = 11	N = 121	N = 80



**Table 17: Use of Recent Loan Funds**

	NEW CLIENTS	REPEAT CLIENTS
Proportion Spent Directly on Enterprise	82	85
Number Who Saved Some of Funds		
1 <sup>st</sup> Use Mentioned	1	-
2 <sup>nd</sup> Use Mentioned	61	26
3 <sup>rd</sup> Use Mentioned	4	6

**Table 18: What Would Have Done if Has Not Received Loan from Zambuko**

	NEW CLIENTS	REPEAT CLIENTS	TOTAL
Continued Same Pattern	144 (60%)	83 (58%)	227 (59%)
Used Savings	41 (17%)	23 (16%)	64 (17%)
Borrowed	32 (13%)	23 (16%)	55 (14%)
Delayed	19 (8%)	9 (6%)	28 (7%)
Other	5 (2%)	5 (4%)	10 (3%)
<i>TOTAL</i>	241 (100%)	143 (100%)	384 (100%)

Source: Field Survey Data

Frequency missing = 9

**Table 19: Respondents Buying Consumer Durables on Hire-Purchase Basis**

	NEW CLIENTS	REPEAT CLIENTS	NON-CLIENTS
1 <sup>st</sup> Item Mentioned	16% (N=135)	13% (N=92)	11% (N=146)
2 <sup>nd</sup> Item	10% (N=68)	12% (N=50)	11% (N=71)
3 <sup>rd</sup> Item	7% (N=29)	10% (N=21)	8% (N=25)

Source: Field Survey Data

**Table 20: Whether or Not Enterprise Revenue Essential for Household Expenditures Last Month**

	NEW CLIENTS	REPEAT CLIENTS	NON- CLIENTS	TOTAL
Yes	175 (76%)	105 (77%)	211 (76%)	491 (76%)
No	56 (24%)	32 (23%)	67 (24%)	155 (24%)
<i>TOTAL</i>	231 (100%)	137 (100%)	278 (100%)	646 (100%)

Source: Field Survey Data

Frequency Missing = 45

**Table 21: Largest Dollar Use of Enterprise Sales Revenue Last Month**

	NEW CLIENTS	REPEAT CLIENTS	NON- CLIENTS	TOTAL
No Ranking Given	3 (1%)	6 (4%)	9 (3%)	18 (3%)
Matched Enterprise	96 (39%)	71 (48%)	110 (37%)	277 (40%)
Food	75 (31%)	32 (21%)	99 (33%)	206 (30%)
Household Bills	10 (4%)	6 (4%)	14 (5%)	30 (4%)
Household Health	4 (2%)	8 (5%)	9 (3%)	21 (3%)
Savings	15 (6%)	9 (6%)	20 (7%)	44 (6%)
Household Education	11 (5%)	6 (4%)	19 (7%)	36 (5%)
Household Financial Obligations	6 (2%)	3 (2%)	3 (1%)	12 (2%)
Loans	12 (5%)	7 (5%)	1 (-%)	20 (3%)
Other Enterprises	5 (2%)	0 (0%)	4 (1%)	9 (1%)
Other	7 (3%)	1 (1%)	10 (3%)	18 (3%)
<i>TOTAL</i>	244 (100%)	149 (100%)	298 (100%)	691 (100%)

Source: Field Survey Data

**Table 22: Second Largest Dollar Use of Enterprise Sales Revenue Last Month**

	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>	<b>NON- CLIENTS</b>	<b>TOTAL</b>
No Ranking Given	12 (5%)	16 (11%)	24 (8%)	52 (8%)
Matched Enterprise	45 (19%)	29 (20%)	57 (19%)	131 (19%)
Household Food	68 (28%)	53 (36%)	117 (39%)	238 (34%)
Household Bills	40 (16%)	11 (7%)	55 (19%)	106 (15%)
Household Health	4 (2%)	1 (1%)	1 (-%)	6 (1%)
Savings	23 (9%)	8 (5%)	10	41 (6%)
Household Education	12 (5%)	6 (4%)	16 (6%)	34 (5%)
Household Financial Obligations	5 (2%)	5 (3%)	10 (3%)	20 (3%)
Loans	29 (12%)	15 (10%)	5 (2%)	49 (7%)
Other Enterprises	1 (-%)	2 (1%)	2 (1%)	5 (1%)
Other	5 (2%)	3 (2%)	1 (-%)	9 (1%)
<b>TOTAL</b>	<b>244 (100%)</b>	<b>149 (100%)</b>	<b>298 (100%)</b>	<b>691 (100%)</b>

Source: Field Survey Data

**Table 23: Vegetable Consumption in Household During the Past Seven Days**

	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>	<b>NON- CLIENTS</b>	<b>TOTAL</b>
Not Eaten	2 (1%)	0 (0%)	3 (1%)	5 (1%)
Eaten 1-3 Days	44 (18%)	23 (16%)	44 (15%)	111 (16%)
Eaten 4-7 Days	197 (81%)	124 (84%)	250 (84%)	570 (83%)
<b>TOTAL</b>	<b>243 (100%)</b>	<b>147 (100%)</b>	<b>297 (100%)</b>	<b>687 (100%)</b>

Source: Field Survey Data

Frequency missing = 4

**Table 24: Meat, Poultry Consumption in Household During the Past Seven Days**

	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>	<b>NON- CLIENTS</b>	<b>TOTAL</b>
Not Eaten	5 (2%)	5 (3%)	12 (4%)	22 (3%)
Eaten 1-3 Days	89 (37%)	46 (31%)	124 (42%)	259 (38%)
Eaten 4-7 Days	149 (61%)	96 (65%)	161 (54%)	406 (59%)
<i>TOTAL</i>	243 (100%)	147 (100%)	297 (100%)	687 (100%)

Source: Field Survey Data

Frequency missing = 4

**Table 25: Dried Fish Consumption in Household During the Past Seven Days**

	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>	<b>NON- CLIENTS</b>	<b>TOTAL</b>
Not Eaten	131 (54%)	73 (51%)	154 (52%)	358 (52%)
Eaten 1-3 Days	106 (44%)	65 (45%)	135 (45%)	305 (45%)
Eaten 4-7 Days	6 (2%)	6 (4%)	9 (3%)	21 (3%)
<i>TOTAL</i>	243 (100%)	144 (100%)	297 (100%)	684 (100%)

Source: Field Survey Data

Frequency missing = 7

**Table 26: Egg Consumption in Household During the Past Seven Days**

	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>	<b>NON- CLIENTS</b>	<b>TOTAL</b>
Not Eaten	73 (30%)	47 (32%)	104 (35%)	224 (33%)
Eaten 1-3 Days	116 (48%)	68 (46%)	134 (45%)	318 (46%)
Eaten 4-7 Days	54 (22%)	32 (22%)	59 (20%)	145 (21%)
<i>TOTAL</i>	243 (100%)	147 (100%)	297 (100%)	687 (100%)

Source: Field Survey Data

Frequency missing = 4



**Table 27: Milk Consumption\* in Household During the Past Seven Days**

	NEW CLIENTS	REPEAT CLIENTS	NON- CLIENTS	TOTAL
Not Consumed	95 (39%)	41 (28%)	107 (36%)	243 (35%)
1-3 Days	121 (50%)	81 (56%)	154 (52%)	356 (52%)
4-7 Days	27 (11%)	24 (16%)	36 (12%)	87 (13%)
<i>TOTAL</i>	243 (100%)	146 (100%)	297 (100%)	686 (100%)

Source: Field Survey Data

Frequency missing = 5

\* Does not include milk taken in coffee or tea.

**Table 28: Trust Bank and Other Clients: Frequency of Food Consumption During the Past Seven Days (percentage)**

	TRUST BANK		OTHER CLIENTS	
	NEW CLIENTS	REPEAT CLIENTS	NEW CLIENTS	REPEAT CLIENTS
Eggs				
Not Eaten	42	45	26	30
1-3 Days	48	37	47	48
4-7 Days	10	18	27	22
Meat/Poultry/Fish				
Not Eaten	5	9	1	2
1-3 Days	43	27	34	32
4-7 Days	52	64	65	66
Milk				
Not Consumed	55	23	34	29
1-3 Days	38	59	54	55
4-7 Days	7	18	12	16
N =	60	22	183	125

**Table 29: Whether or Not Those Owning or Purchasing Residence Made Housing Improvements the Last 12 Months**

	NEW CLIENTS	REPEAT CLIENTS	NON- CLIENTS	TOTAL
Yes	42 (33%)	37 (39%)	41 (26%)	120 (31%)
No	87 (67%)	57 (61%)	117 (74%)	261 (69%)
<i>TOTAL</i>	129 (100%)	94 (100%)	158 (100%)	381 (100%)

Source: Field Survey Data

**Table 30: Households Having Purchased Building Materials for Future Use**

	NEW CLIENTS	REPEAT CLIENTS	NON- CLIENTS	TOTAL
Yes	16 (10%)	11 (9%)	24 (12%)	51 (11%)
No	148 (90%)	108 (90%)	168 (88%)	424 (89%)
Don't Know	0 (0%)	1 (1%)	0 (0%)	1 (89%)
<i>TOTAL</i>	164 (100%)	120 (100%)	192 (100%)	476 (100%)

Source: Field Survey Data

Frequency missing = 215

**Table 31: Whether or Not Households Provided Cash and/or In-Kind Assistance to Others Last Month**

	NEW CLIENTS	REPEAT CLIENTS	NON- CLIENTS	TOTAL
Yes	185 (76%)	125 (84%)	210 (70%)	520 (75%)
No	58 (24%)	24 (16%)	88 (30%)	170 (25%)
<i>TOTAL</i>	243 (100%)	149 (100%)	298 (100%)	690 (100%)

Source: Field Survey Data

Frequency missing = 1

**Table 32: Whether Trust Bank and Other Client Households Provided Cash and/or In-kind Assistance to Others Last Month (percentage)**

	TRUST BANK		OTHER CLIENTS	
	NEW CLIENTS	REPEAT CLIENTS	NEW CLIENTS	REPEAT CLIENTS
Yes	32 (54%)	16 (73%)	153 (83%)	109 (86%)
N =	59	22	184	127

**Table 33: Distribution of Assistance by Households That Provided Assistance Cash or In-Kind to Others Last Month**

	NEW CLIENTS	REPEAT CLIENTS	NON- CLIENTS	TOTAL
Family/Extend Family	181 (97%)	118 (94%)	195 (93%)	494 (95%)
Friends	12 (6%)	9 (7%)	19 (9%)	40 (8%)
Funerals	54 (29%)	51 (41%)	65 (31%)	170 (33%)
Assists Family/Extended Family on a Regular Basis	59 (33%)	41 (35%)	67 (35%)	167 (34%)

Source: Field Survey Data

**Table 34: Type of Major Financial Crisis the 24 Months Prior to the Survey (First Mentioned)**

	NEW CLIENTS	REPEAT CLIENTS	NON- CLIENTS	TOTAL
None	110 (45%)	42 (28%)	124 (42%)	276 (40%)
Serious Illness	60 (25%)	43 (29%)	62 (21%)	165 (24%)
Death of Household Member	31 (13%)	24 (16%)	46 (16%)	101 (15%)
Financial Obligations	17 (7%)	17 (12%)	24 (8%)	58 (9%)
Loss of Job	6 (3%)	5 (3%)	9 (3%)	20 (3%)
New Household Members	6 (3%)	3 (2%)	6 (2%)	15 (2%)
Fire/Theft	3 (1%)	8 (5%)	12 (4%)	23 (3%)
Other	9 (3%)	7 (5%)	11 (4%)	27 (4%)
<i>TOTAL</i>	242 (100%)	149 (100%)	294 (100%)	685 (100%)

Source: Field Survey Data

Frequency missing = 6

**Table 35: Additional Responses on Major Financial Crisis (Multiple Responses)**

	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>	<b>NON- CLIENTS</b>	<b>TOTAL</b>
Death of Household Member	29 (57%)	11 (30%)	20 (39%)	60 (43%)
Financial Obligations	11 (22%)	15 (40%)	15 (29%)	41 (30%)
Serious Illness	5 (10%)	3 (8%)	10 (20%)	18 (13%)
Other	6 (11%)	8 (22%)	6 (12%)	20 (14%)
<i>TOTAL</i>	51 (100%)	37 (100%)	51 (100%)	139 (100%)

Source: Field Survey Data

**Table 36: How Met Financial Crisis (Multiple Response)**

	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>	<b>NON- CLIENTS</b>	<b>TOTAL</b>
Earnings/Income	41 (24%)	41 (30%)	50 (23%)	132 (25%)
Savings	79 (45%)	54 (40%)	100 (48%)	233 (44%)
Borrowed/Gifts	23 (13%)	15 (11%)	33 (15%)	71 (14%)
Worked More Hours	9 (5%)	5 (4%)	18 (8%)	32 (6%)
Loan	4 (2%)	5 (4%)	0 (0%)	9 (2%)
Took Lodgers	2 (1%)	1 (1%)	3 (1%)	6 (1%)
Sold Assets	1 (1%)	0 (0%)	0 (0%)	1 (-)
Reduced Expenditure	13 (7%)	11 (8%)	8 (4%)	32 (6%)
Other	3 (2%)	3 (2%)	3 (1%)	9 (2%)
<i>TOTAL</i>	175 (100%)	135 (100%)	215 (100%)	525 (100%)

Source: Field Survey Data

**Table 37: Most Often Mentioned Two Main Intended Uses of Savings Accounts**

	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>	<b>NON- CLIENTS</b>
Building Society Accounts			
Household	116 (77%)	65 (79%)	82 (87%)
Business	70 (60%)	48 (39%)	50 (53%)
Personal Use	38 (33%)	22 (27%)	35 (37%)
N =	116	82	94
Post Office Savings			
Household	90 (84%)	30 (75%)	116 (85%)
Business	51 (48%)	28 (70%)	56 (41%)
Personal	44 (41%)	10 (25%)	60 (44%)
N =	107	40	136

Source: Field Survey Data

**Table 38: Trust Bank and Other Clients: Savings (percentage)**

	<b>TRUST BANK</b>		<b>OTHER CLIENTS</b>	
	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>
Has at Least One Savings Account	87	100	97	90
Saves Regularly Monthly/Weekly	37	37	18	24

Source: Field Survey Data

**Table 39: Informal Modes of Saving (percentage)**

	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>	<b>NON- CLIENTS</b>
Belongs to Savings Club	9	7	3
Participates in Rounds	47	41	38
Belongs to Burial Society	14	13	11

Source: Field Survey Data

**Table 40: Pattern of Informal Savings (percentage)**

	TRUST BANK		OTHER CLIENTS	
	NEW CLIENTS	REPEAT CLIENTS	NEW CLIENTS	REPEAT CLIENTS
Belongs to Savings Club <sup>1</sup>	10	7	4	7
Belongs to ROSCA	47	41	38	42
Belongs to Burial Society	14	13	11	13

Source: Field Survey Data

<sup>1</sup> Chi<sup>2</sup>@.016

## II. MATCHED ENTERPRISE

**Table 1: Sector Distribution of Respondents' Main Enterprise**

	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>	<b>NON- CLIENTS</b>	<b>TOTAL</b>
Manufacturing	120 (40%)	84 (56%)	145 (48%)	349 (50%)
Trade	108 (49%)	52 (35%)	131 (44%)	291 (42%)
Sources	9 (4%)	6 (4%)	11 (4%)	26 (4%)
Agriculture	6 (3%)	5 (4%)	9 (3%)	20 (3%)
Food	1 (-)	2 (1%)	2 (1%)	5 (1%)
<i>TOTAL</i>	244 (100%)	149 (100%)	298 (100%)	691 (100%)

Source: Field Survey Data

**Table 2: Trust Bank and Other Clients: Sector of Main Enterprise (percentage)**

	<b>TRUST BANK</b>		<b>OTHER CLIENTS</b>	
	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>
Manufacturing	53	55	42	54
Trade	41	45	51	34
Services	2	-	4	7
Food	2	-	-	1
Agriculture	2	-	3	4
N =	60	22	184	127

Source: Field Survey Data



**Table 3 : Location of Enterprises**

	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>	<b>NON-CLIENTS</b>	<b>TOTAL</b>
Place of Residence	164 (68%)	107 (72%)	184 (62%)	455 (66%)
Residential Area	14 (6%)	15 (10%)	46 (15%)	75 (11%)
Out of City	42 (17%)	6 (4%)	41 (14%)	89 (13%)
City Center	10 (4%)	8 (5%)	11 (4%)	29 (4%)
Industrial Area	3 (1%)	7 (5%)	6 (2%)	16 (2%)
Mobile	7 (3%)	5 (3%)	6 (2%)	18 (3%)
Other	3 (1%)	1 (1%)	3 (1%)	7 (1%)
<i>TOTAL</i>	243 (100%)	149 (100%)	297 (100%)	689 (100%)

Source: Field Survey Data

Frequency missing = 2

**Table 4: Main Supplier of Main Inputs\***

	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>	<b>NON-CLIENTS</b>	<b>TOTAL</b>
Retailers/Wholesalers	161 (66%)	107 (72%)	199 (67%)	467 (68%)
Factories	42 (17%)	27 (18%)	44 (15%)	113 (16%)
Individuals	24 (10%)	8 (5%)	32 (11%)	64 (9%)
Flea Markets	13 (5%)	4 (3%)	19 (6%)	36 (5%)
Other/Not applicable	4 (2%)	3 (2%)	4 (1%)	11 (2%)
<i>TOTAL</i>	244 (100%)	149 (100%)	298 (100%)	691 (100%)

Source: Field Survey Data

\* Main means where the most money spent.

**Table 5: Main Source of Inputs By Sector**

	NEW CLIENTS	REPEAT CLIENTS	NON-CLIENTS
<u>Manufacturers</u>			
Retailers/Wholesalers	96 (80%)	68 (81%)	117 (82%)
Factories	15 (13%)	14 (17%)	16 (11%)
Individuals	5 (14%)	1 (1%)	7 (5%)
Others	3 (3%)	1 (1%)	3 (2%)
<i>TOTAL</i>	119 (100%)	84 (100%)	143 (100%)
<u>Traders</u>			
Retailers/Wholesalers	56 (52%)	31 (60%)	70 (54%)
Factories	21 (20%)	9 (17%)	21 (16%)
Individuals	19 (17%)	6 (12%)	24 (18%)
Others	12 (11%)	6 (11%)	16 (12%)
<i>TOTAL</i>	108 (100%)	52 (100%)	131 (100%)

Source: Field Survey Data

\* Main defined as those on which the most money spent.

**Table 6: Whether or Not Buys Main Inputs in Bulk**

	NEW CLIENTS	REPEAT CLIENTS	NON-CLIENTS	TOTAL
Yes	73 (30%)	55 (37%)	75 (25%)	203 (29%)
No	162 (66%)	89 (60%)	197 (66%)	448 (65%)
Not Applicable	9 (4%)	5 (3%)	26 (9%)	40 (6%)
<i>TOTAL</i>	244 (100%)	149 (100%)	298 (100%)	69 (100%)

Source: Field Survey Data

**Table 7: Whether Those Buying in Bulk Receive Lower Per Unit Prices**

	NEW CLIENTS	REPEAT CLIENTS	NON-CLIENTS	TOTAL
Yes	43 (60%)	41 (77%)	40 (54%)	124 (62%)
No	29 (40%)	12 (23%)	34 (46%)	75 (38%)
<i>TOTAL</i>	72 (100%)	53 (100%)	74 (100%)	199 (100%)

Source: Field Survey Data

Frequency Missing = 4

**Table 8: Whether Can Obtain Main Inputs on Credit**

	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>	<b>NON-CLIENTS</b>	<b>TOTAL</b>
Yes	10 (4%)	11 (7%)	14 (5%)	35 (5%)
No	232 (95%)	134 (90%)	275 (92%)	641 (93%)
Not applicable/Don't Know	2 (1%)	4 (3%)	9 (3%)	15 (2%)
<i>TOTAL</i>	244 (100%)	149 (100%)	298 (100%)	691 (100%)

Source: Field Survey Data

**Table 9: Whether or Not Respondent Bought Inputs Outside City of Residence in Past 6 Months**

	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>	<b>NON-CLIENTS</b>	<b>TOTAL</b>
Yes	64 (26%)	36 (24%)	49 (16%)	149 (22%)
No	180 (74%)	113 (76%)	249 (84%)	542 (78%)
<i>TOTAL</i>	244 (100%)	149 (100%)	298 (100%)	691 (100%)

Source: Field Survey Data

**Table 10: Location of Purchases By Those Buying Outside City of Residence in Past 6 Months (Multiple Response)**

	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>	<b>NON-CLIENTS</b>	<b>TOTAL</b>
Other Zimbabwe Towns	29 (42%)	14 (35%)	15 (31%)	58 (36%)
Rural Areas Zimbabwe	16 (23%)	6 (15%)	11 (22%)	33 (21%)
South Africa	15 (21%)	14 (35%)	13 (27%)	42 (26%)
Zambia	3 (4%)	1 (2%)	2 (4%)	6 (4%)
Elsewhere	7 (10%)	5 (13%)	8 (16%)	20 (13%)
<i>TOTAL</i>	70 (100%)	40 (100%)	49 (100%)	159 (100%)

Source: Field Survey Data

Frequency missing = 4

Those citing two locations = 14

**Table 11: Respondents Selling Outside City of Residence by Sector (percentage)**

	NEW CLIENTS	REPEAT CLIENTS	NON- CLIENTS	TOTAL
Manufacturing	83 (69%)	50 (60%)	75 (52%)	208 (60%)
Trade	50 (46%)	27 (52%)	43 (33%)	120 (41%)
Service	3 (33%)	3 (50%)	0 (0%)	6 (23%)
Food	0 (0%)	0 (0%)	0 (0%)	0 (0%)
Agriculture	1 (17%)	0 (0%)	1 (11%)	2 (10%)

Source: Field Survey Data

**Table 12: Where Sales Made by Those Traveling Outside City of Residence to Sell in Past 6 Months (multiple responses)**

	NEW CLIENTS	REPEAT CLIENTS	NON- CLIENTS	TOTAL
Rural Areas Zimbabwe	94 (61%)	58 (59%)	81 (65%)	234 (62%)
Other Towns Zimbabwe	33 (21%)	25 (25%)	18 (14%)	76 (20%)
South Africa	18 (12%)	9 (9%)	21 (17%)	48 (12%)
Zambia	3 (2%)	5 (5%)	3 (2%)	11 (3%)
Elsewhere (e.g. Mozambique)	7 (4%)	2 (2%)	3 (2%)	12 (3%)
<i>TOTAL</i>	155 (100%)	99 (100%)	126 (100%)	380 (100%)

Source: Field Survey Data

Number citing two places = 39

Number citing three places = 4

**Table 13: Frequency of Travel By Those Traveling Outside City of Residence in Past 6 Months to Sell**

	NEW CLIENTS	REPEAT CLIENTS	NON-CLIENTS	TOTAL
1-2 Times	39 (28%)	12 (15%)	36 (31%)	87 (26%)
3-5 Times	49 (36%)	42 (53%)	43 (36%)	134 (40%)
6 or More	49 (36%)	25 (32%)	39 (33%)	113 (34%)
<i>TOTAL</i>	137 (100%)	79 (100%)	118 (100%)	334 (100%)

Source: Field Survey Data  
Chi-square @ .050

**Table 14: Whether or Not Those Who Sold Outside City of Residence in the Past 6 Months Engage in Barter Trade**

	NEW CLIENTS	REPEAT CLIENTS	NON- CLIENTS	TOTAL
Yes	62 (47%)	34 (44%)	64 (57%)	160 (59%)
No	69 (53%)	43 (56%)	49 (43%)	161 (50%)
<i>TOTAL</i>	131 (100%)	77 (100%)	113 (100%)	332 (100%)

Source: Field Survey Data

**Table 15: Main Customers**

	NEW CLIENTS	REPEAT CLIENTS	NON- CLIENTS	TOTAL
Individuals	229 (94%)	133 (89%)	285 (96%)	647 (94%)
Companies	4 (2%)	5 (4%)	2 (1%)	11 (2%)
Retailers	3 (1%)	1 (1%)	4 (1%)	8 (1%)
Wholesalers/Gov't/Agents	0 (0%)	5 (3%)	0 (0%)	4 (-)
Other	8 (3%)	5 (3%)	5 (1%)	18 (3%)
<i>TOTAL</i>	244 (100%)	149 (100%)	296 (100%)	689 (100%)

Source: Field Survey Data  
Frequency missing = 2

**Table 16: Whether or Not Extended Credit to Customers in the Last 6 Months**

	NEW CLIENTS	REPEAT CLIENTS	NON- CLIENTS	TOTAL
Yes	199 (82%)	120 (81%)	235 (79%)	554 (80%)
No	45 (18%)	29 (19%)	63 (21%)	137 (20%)
<i>TOTAL</i>	244 (100%)	149 (100%)	298 (100%)	691 (100%)

Source: Field Survey Data

**Table 17: Respondents Extending Credit in the Last 6 Months by Sector**

	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>	<b>NON- CLIENTS</b>	<b>TOTAL</b>
Manufacturing	111 (93%)	73 (87%)	127 (88%)	311 (89%)
Trade	73 (68%)	39 (75%)	93 (72%)	205 (70%)
Services	8 (89%)	4 (67%)	7 (64%)	19 (73%)
Food	1 (100%)	0 (0%)	1 (50%)	2 (40%)
Agriculture	6 (100%)	4 (80%)	7 (78%)	17 (80%)

Source: Field Survey Data

**Table 18: Pattern of Credit Extension Among Those Who Gave Credit**

	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>	<b>NON- CLIENTS</b>	<b>TOTAL</b>
Most of the Time	25 (13%)	17 (14%)	22 (9%)	64 (12%)
Often	17 (8%)	10 (8%)	18 (8%)	45 (8%)
Sometimes	127 (64%)	73 (61%)	151 (65%)	351 (63%)
Seldom	30 (15%)	20 (17%)	43 (18%)	93 (17%)
<i>TOTAL</i>	199 (100%)	120 (100%)	234 (100%)	553 (100%)

Source: Field Survey Data

**Table 19: Changes in Extension of Credit Among Those Whose Pattern Changed the Past 3 Months**

	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>	<b>NON- CLIENTS</b>	<b>TOTAL</b>
Extend to Fewer	46 (51%)	15 (34%)	41 (46%)	102 (45%)
Extend to More	42 (46%)	27 (61%)	47 (53%)	116 (52%)
No Longer Give	2 (2%)	0 (0%)	0 (0%)	2 (1%)
Other	1 (1%)	2 (5%)	1 (1%)	4 (2%)
<i>TOTAL</i>	91 (100%)	44 (100%)	89 (100%)	224 (100%)

Source: Field Survey Data

**Table 20: Trust Bank and Other Clients: Made Changes as a Result of the Business Training (percentage)**

TRUST BANK		OTHER CLIENTS	
NEW CLIENTS	REPEAT CLIENTS	NEW CLIENTS	REPEAT CLIENTS
58	54	71	72

Source: Field Survey Data

**Table 21: Whether or Not Keeps Business Records**

	NEW CLIENTS	REPEAT CLIENTS	NON-CLIENTS	TOTAL
Yes	167 (68%)	122 (82%)	178 (60%)	467 (68%)
No	77 (32%)	27 (18%)	120 (40%)	224 (32%)
<i>TOTAL</i>	244 (100%)	149 (100%)	298 (100%)	691 (100%)

Source: Field Survey Data

Chi-Square @ .001

**Table 22: Keeping of Business Records by Sector**

	NEW CLIENTS	REPEAT CLIENTS	NON-CLIENTS	TOTAL
Manufacturing	84 (70%)	69 (82%)	81 (56%)	234 (67%) <sup>1</sup>
Trade	72 (67%)	42 (81%)	79 (60%)	193 (66%) <sup>2</sup>
Services	7 (78%)	6 (100%)	10 (91%)	23 (88%)
Food	0 (0%)	1 (50%)	1 (50%)	2 (40%)
Agriculture	4 (67%)	4 (80%)	7 (78%)	15 (75%)

Source: Field Survey Data

1. Chi-square @ .001

2. Chi-square @ .030

**Table 23: Among Those Keeping Records, Type of Sales Records Kept**

	NEW CLIENTS	REPEAT CLIENTS	NON- CLIENTS	TOTAL
None	4 (2%)	2 (1%)	7 (4%)	13 (3%)
Money Owed	60 (36%)	40 (33%)	64 (36%)	164 (35%)
Partial Sales	85 (51%)	71 (59%)	100 (57%)	256 (55%)
Complete Sales	18 (11%)	8 (7%)	6 (3%)	32 (7%)
<i>TOTAL</i>	167 (100%)	121 (100%)	177 (100%)	465 (100%)

Source: Field Survey Data

**Table 24: Among Those Keeping Records, Type of Expenditure Records Kept**

	NEW CLIENTS	REPEAT CLIENTS	NON- CLIENTS	TOTAL
None	58 (35%)	33 (27%)	72 (41%)	163 (35%)
Copies of Receipts	17 (10%)	12 (10%)	19 (11%)	48 (10%)
Partial Expenditures	72 (43%)	66 (55%)	82 (46%)	220 (48%)
Complete Expenditure	20 (12%)	10 (8%)	4 (2%)	34 (7%)
<i>TOTAL</i>	167 (100%)	121 (100%)	177 (100%)	465 (100%)

Source: Field Survey Data

**Table 25: Among Those Keeping Records, Whether Produces a Balance Sheet**

	NEW CLIENTS	REPEAT CLIENTS	NON- CLIENTS	TOTAL
Yes	9 (5%)	5 (4%)	3 (2%)	17 (4%)
No	158 (95%)	117 (96%)	175 (98%)	450 (96%)
<i>TOTAL</i>	167 (100%)	122 (100%)	178 (100%)	467 (100%)

Source: Field Survey Data



**Table 26: Whether or Not Respondent Had One or More Individuals Assisting With the Enterprise Last Calendar Month**

	NEW CLIENTS	REPEAT CLIENTS	NON- CLIENTS	TOTAL
Yes	79 (32%)	77 (52%)	105 (35%)	261 (38%)
No	165 (68%)	72 (48%)	193 (65%)	430 (62%)
<i>TOTAL</i>	244 (100%)	149 (100%)	298 (100%)	691 (100%)

Source: Field Survey Data

**Table 27: Whether or Not Has Paid Employees**

	NEW CLIENTS	REPEAT CLIENTS	NON- CLIENTS	TOTAL
Yes	40 (16%)	48 (32%)	34 (11%)	122 (18%)
No	204 (84%)	101 (68%)	264 (89%)	569 (82%)
<i>TOTAL</i>	244 (100%)	149 (100%)	298 (100%)	691 (100%)

Source: Field Survey Data

**Table 28: Number of Assistants(Employees) in Enterprise Last Month**

	NEW CLIENTS	REPEAT CLIENTS	NON- CLIENTS	TOTAL
None	165 (68%)	72 (49%)	193 (65%)	430 (62%)
One	57 (23%)	48 (32%)	70 (23%)	175 (25%)
Two	13 (5%)	21 (14%)	22 (7%)	56 (8%)
Three	4 (2%)	5 (3%)	11 (4%)	20 (3%)
Four or More	5 (2%)	3 (2%)	2 (1%)	10 (2%)
<i>TOTAL</i>	244 (100%)	149 (100%)	298 (100%)	691 (100%)

Source: Field Survey Data

**Table 29: Among Those With Assistants (Employees), If Had Paid Employees**

	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>	<b>NON- CLIENTS</b>	<b>TOTAL</b>
Yes	40 (51%)	48 (62%)	34 (32%)	122 (47%)
No	39 (49%)	29 (38%)	71 (68%)	139 (53%)
<i>TOTAL</i>	79 (100%)	77 (100%)	105 (100%)	261 (100%)

Source: Field Survey Data

**Table 30: Estimated Average Net Enterprise Revenue Last Month (\$Z)**

<b>TRUST BANK</b>		<b>OTHER CLIENTS</b>	
<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>
1,908	2,208	2,405	5,142

Source: Field Survey Data

**Table 31: Distribution of Estimated Enterprises Net Revenue Last Month Among Manufacturers and Traders by Comparison Group**

		MANUFAC- TURING		TRADE		TOTAL	
Below Z\$ 999	New	51	(46%)	40	(40%)	249	(42%)
	Repeat	27	(35%)	11	(24%)		
	Non	74	(56%)	46	(37%)		
Z\$1,000-1,999	New	20	(18%)	21	(21%)	125	(21%)
	Repeat	16	(21%)	8	(17%)		
	Non	31	(23%)	29	(23%)		
Z\$2,000-2,999	New	15	(14%)	11	(11%)	75	(13%)
	Repeat	15	(19%)	7	(15%)		
	Non	12	(9%)	15	(12%)		
Z\$3,000-3,999	New	8	(7%)	14	(14%)	57	(10%)
	Repeat	11	(14%)	6	(13%)		
	Non	5	(4%)	13	(11%)		
Z\$4,000 & over	New	16	(15%)	14	(14%)	84	(14%)
	Repeat	9	(11%)	14	(31%)		
	Non	10	(8%)	21	(17%)		
<i>TOTAL</i>	New	110	(100%)	100	(100%)	210	
	Repeat	78	(100%)	46	(100%)	124	
	Non	132	(100%)	124	(100%)	256	
N =		320		270		590	

Source: Field Survey Data

New = New clients; Repeat = Repeat clients; Non = Non-clients.

Frequency missing (traders) = 21

Frequency missing (manufacturers) = 29

**Table 32: Decision-making about Use of Enterprise Revenue Last Month**

	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>	<b>NON- CLIENTS</b>	<b>TOTAL</b>
Respondent Only	153 (63%)	103 (71%)	200 (68%)	456 (67%)
Consulted with Spouse	72 (30%)	38 (26%)	77 (26%)	187 (27%)
Jointly with Spouse	10 (4%)	2 (1%)	10 (3%)	22 (3%)
Consulted Others in Household	5 (2%)	3 (2%)	5 (2%)	13 (2%)
Other	2 (1%)	0 (0%)	1 (1%)	3 (1%)
<i>TOTAL</i>	242 (100%)	146 (100%)	293 (100%)	681 (100%)

Source: Field Survey Data

Frequency missing = 10

**Table 33: Whether or Not Respondent has a Sales Strategy**

	<b>NEW CLIENTS</b>	<b>REPEAT CLIENTS</b>	<b>NON- CLIENTS</b>	<b>TOTAL</b>
Yes	127 (52%)	104 (71%)	147 (50%)	378 (55%)
No	116 (48%)	42 (29%)	149 (50%)	307 (45%)
<i>TOTAL</i>	243 (100%)	146 (100%)	296 (100%)	685 (100%)

Source: Field Survey Data

### III. EMPOWERMENT OF WOMEN

**Table 1: Whether or Not Female Respondent Has at Least One Savings Account**

	NEW CLIENTS	REPEAT CLIENTS	NON- CLIENTS	TOTAL
Yes	200 (94%)	99 (88%)	182 (75%)	481
No	13 (6%)	13 (12%)	62 (25%)	88
<i>TOTAL</i>	213 (100%)	112 (100%)	244 (100%)	569

Source: Field Survey Data

Chi-square @ .001

**Table 2: Types of Savings Accounts of Female Respondents**

	NEW CLIENTS	REPEAT CLIENTS	NON- CLIENTS	TOTAL
Individual Savings Account				
Yes	184 (86%)	93 (83%)	170 (70%)	447 (79%)
No	29 (14%)	19 (17%)	74 (30%)	122 (21%)
<i>TOTAL</i>	213 (100%)	112 (100%)	244 (100%)	569 (100%)
Building Society				
Yes	102 (48%)	65 (59%)	68 (28%)	235 (42%)
No	110 (52%)	46 (41%)	175 (72%)	331 (58%)
<i>TOTAL</i>	212 (100%)	111 (100%)	243 (100%)	566 <sup>1</sup> (100%)
Post Office Savings				
Yes	93 (44%)	34 (31%)	113 (47%)	240 (40%)
No	119 (56%)	77 (69%)	130 (53%)	326 (58%)
<i>TOTAL</i>	212 (100%)	111 (100%)	243 (100%)	566 <sup>1</sup> (100%)
Bank Savings				
Yes	42 (20%)	18 (16%)	25 (10%)	85 (15%)
No	170 (80%)	93 (84%)	218 (90%)	481 (85%)
<i>TOTAL</i>	212 (100%)	111 (100%)	243 (100%)	566 <sup>1</sup> (100%)

Source: Field Survey Data

<sup>1</sup> Frequency missing = 3

**Table 3: Decision-Making About Taking Loan Funds: Women Clients by Marital Status**

	<b>MARRIED</b>	<b>UNMARRIED</b>	<b>TOTAL</b>
Decided Myself	108 (48%)	78 (86%)	186 (59%)
Consulted With a Household Member	78 (35%)	3 (3%)	81 (28%)
Jointly Decided With Household Member	14 (6%)	1 (1%)	15 (5%)
Other	24 (11%)	9 (10%)	33 (11%)
<i>TOTAL</i>	224 (100%)	91 (100%)	315 (100%)

Source: Field Survey Data

**Table 4: Decision-Making About Use of Loan Funds: Women Clients by Marital Status**

	<b>MARRIED</b>	<b>UNMARRIED</b>	<b>TOTAL</b>
Decided Myself	155 (69%)	87 (96%)	242 (77%)
Consulted With a Household Member	59 (26%)	1 (1%)	60 (19%)
Jointly Decided With Household Member	10 (5%)	0 (0%)	10 (3%)
Other	0 (0%)	3 (3%)	3 (1%)
<i>TOTAL</i>	224 (100%)	91 (100%)	315 (100%)

Source: Field Survey Data

**Table 5: Who Normally Provides Funds for Loan Repayments: Women Clients by Marital Status**

	<b>MARRIED</b>		<b>UNMARRIED</b>		<b>TOTAL</b>	
Only Me	184	(83%)	89	(98%)	273	(87%)
Household Member has Assisted	27	(12%)	1	(1%)	28	(9%)
Household Member and Me	11	(5%)	0	(0%)	11	(3%)
Other	1	(-)	1	(1%)	2	(1%)
<i>TOTAL</i>	223	(100%)	91	(100%)	314	(100%)

Source: Field Survey Data  
Frequency Missing = 11